FOREIGN BROADCAST INFORMATION SERVICE

Daily Report

LAST ISSUE

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LAST ISSUE

Latin America

FBIS-LAT-96-134
Thursday
11 July 1996

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Daily Report
Latin America

FBIS-LAT-96-134 *11 July 1996*

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Inter-American Affairs: C.A. FM's Seek Asian Investments

PA1107041696 San Salvador LA PRENSA GRAFICA in Spanish 9 Jul 96 p 6A

[Article by Gregorio Moran]

[FBIS Translated Text] The Central American foreign ministers, who met for over seven hours in San Salvador yesterday, discussed Central America's joint position to attract high technology investment from Japan, Taiwan, and the PRC to the Central American region.

Salvadoran Foreign Minister Ramon Gonzalez Giner said they talked about the possibility of requesting the cooperation of Asian countries in the areas of trade and tourism. They talked about topics to be discussed during meetings with the governments of the aforementioned developed countries scheduled for July and September in Taiwan and Guatemala.

Likewise, the Salvadoran official said the foreign ministers talked about the agenda of the meeting that will be held with Chilean President Eduardo Frei, and the foreign ministers of the Central American isthmus in the Costa Rican capital on Friday, always in the framework of international cooperation with Central America.

Meanwhile, Costa Rican Foreign Minister Fernando Naranjo said it is not a matter of expecting a handout from Japan or any other Asian country but to establish and strengthen our cooperation relations under equal terms.

Naranjo, when referring to the area's tourism potential, for example, said the Central American countries should seek to attract, in an integrated manner, the more than 13 million Japanese citizens, who leave their country as tourists.

Naranjo also said that the political and economic aspects of the area were highlighted, and in this regard, the foreign ministers talked about the strengthening of regional integration by eliminating the excessive bureaucracy resulting from the approximately 40 entities that have emerged in the framework of the region's integration.

Immigration Problem

As for immigration problems, which will have an enormous effect on the economies of each one of the Central American countries, the foreign ministers, including Guatemalan Eduardo Stein, said that in view of "statements made by U.S. officials and politicians suggesting the massive deportation of Central American illegal aliens, " the proper measures should be taken in order to avoid this phenomenon.

The official said this possible measure by the U.S. Government would hurt the efforts which the Central American governments are jointly carrying out to promote foreign investment in order to generate jobs and greater opportunities for economic growth.

In other issues, the Central American foreign ministers pointed out that the governments of these countries have made the necessary efforts to improve security for citizens in the area. And that the obstacle the United States wants to impose on its citizens by telling them not to visit Central America because it is an unsafe area, is unfair, at least in the case of Guatemala, Foreign Minister Eduardo Stein said.

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Cuba

Cuba: Castro Blames U.S. for Defections

PA1107043696 Havana Tele Rebelde and Cubavision Networks in Spanish 0030 GMT 11 Jul 96

[Speech by President Fidel Castro at a ceremony to bid farewell to athletes representing Cuba at the Olympic Games in Atlanta; on 10 July, in Havana — recorded]

[FBIS Translated Text] [Applause] Do not applaud too much, or you will be tired when you arrive at the Olympic Games.

Dear comrades: Can you hear me clearly? We will talk as a family, okay? This will not be a speech on occasion of your departure, when there is plenty of love, kisses, good wishes, and patriotism. Talking as a family means analyzing realities, in private, not in front of the stairs as you are about to board the plane. Besides, the sun is very hot, and it is scalding, so it would not be the best place to say a few things.

We have come here to see you off to the Olympic Games. Are these, however, like any other Olympic Games? A simple event? Plain and common Olympic Games? No. These are the most difficult Olympic Games in which we will participate, not only because we are going to compete in sports — they will be difficult sports-wise — but because of the conditions and the country where those Olympic Games are going to be held, under [word indistinct] conditions against our country and our delegation. There will be attempts to hurt us as much as possible, and above all to deal moral blows against the country and the delegation. All resources, schemes, tricks, and cleverness will be used against our delegation. For that reason, more than saying that we are sending... [pauses] that we want to send a delegation of athletes, I would prefer to say that we want to send a delegation of patriots.

I would like you to be aware of all this. Wasn't there a sheet of paper? A small piece of paper, over there. First of all, you must be aware of everything the country has done for sports. Every year in Cuba [word indistinct] and currently during these difficult years, not in sports or in the INDER [National Institute for Sports, Physical Education, and Recreation] because this does not include those in the ministry... [pauses] higher education [words indistinct] 115 million pesos. That is the budget we have this year for sports.

There are 100 sports schools in the country, which are attended by 24,000 students. There are 32,000 professors teaching physical education and sports. All those professors have been trained in the sports schools and institutes and the Higher Institute for Sports.

Some 11,000 sports facilities remain operating. Not even during the special period has one professor been dismissed, nor has one single sports school or sports facility been closed. They charge. Yes, they charge peanuts. What we pay at sports facilities is just for fun, nothing else. What we charge for that is minimal compared to what [words indistinct] not for business, nor was it ever a business. This is a noble activity of our people, of our revolution to give the opportunity for our country to occupy fifth place in the world today, and where all children — without exception, regardless of who their parents are, without discrimination — have the opportunity to practice sports, and so that the entire people have the opportunity to practice sports.

Who are those 24,000 students? Whose children are they? Where do you come from? From what kind of [words indistinct] from what rich, what landowners, from what owner of sugar complex [words indistinct]. You are simply the sons of the people, and all sons of the people.

No country has done more than our country for the people and for sports, amid threats and blockade, and more blockade, and more laws, and more measures to prevent us from advancing. [13-second passage indistinct] most powerful and rich superpower of the world. Our small country has resisted [words indistinct] to the heart of that empire to compete now. All [words indistinct] with you. Athletes are loved by the people, who offer them support, love, and confidence. Our noble country is entitled to expect from its athletes and all those who have to do with sports exemplary, honest, and patriotic behavior. This conduct has been displayed by athletes throughout the years from the beginning, since the times we had to make threats that we could reach Puerto Rican shores by swimming.

As great examples, athletes continue in the insurmountable process. We are living, however, in a new age during which sports have been commercialized more and more because of great economic powers. Standards and rules have been broken in the Olympics in order to introduce professionalism into sports. Unfortunately, this has brought about some consequences.

I believe that athletes, their trainers, everybody, the elites, and every superior should have a self-critical attitude. They should demand more from themselves. Just as everything else during our revolution, our sports have worked with morality as their foundation, but not upon materialism or money. Never would we use hypocritical words to lure athletes or workers into athletics. If money were the foundation, we would not have the athletic movement that we do today. Neither would we have [words indistinct] so many years. We

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should accomplish this based upon morality, conscience, patriotism, and integrity, because there have always been athletes who in recent times have been lured by mercenariness, by commercialism, and by greed. These athletes have committed the villainous act of betraying their country.

You know what betrayal is. It goes back to Jesus Christ's days when, as the Bible tells us, Judas Iscariot betrayed him. There have been Judases throughout history. We met many during the revolution. On the days of our clandestine fight, there were Judases who sold their fighting comrades. There were Judases who were in exile. We met Judas in the Sierra Maestra. This individual was in such a position that he was unable to stand the hardships of that fight. Therefore, they quit socialism and left, they left.

Throughout the revolution, we have had Judases in all sectors, including in the sports sector, where it possibly hurts people the most [words indistinct], and inflicts on them an enormous damage. That there are Judases among the athletes, when the people puts all their trust in them, all their love, all their support, freely, because they enjoy sports, because of the pride they feel for sports [words indistinct] some go to stadiums. Millions who participate in the thrill of sports through television and radio [words indistinct] this is something that hits very close to home, our country's most sensitive cords.

Those who betray the warmest and purest sentiments of the people, are not just hurting those sentiments, they are hurting the country. They are encouraging the enemy who wants to destroy us, who is blockading us, harassing us. It encourages the enemy to continue onward with all his misdeeds against our fatherland. They betray the prestige of the country. They betray the country's sports. They betray their comrades. They betray everything! That is why if we recall the history of our sports, the heroic history that has given prestige to the world [passage indistinct] they betray the nation. They betray the nation, the loftiest sentiments of the nation. That is why more than gold medals [word indistinct] or a bronze plate we are interested in moral medals that the athletes can win. The honor of our athletes interests us more than medals, the concept of self an athlete may have, and I cannot imagine what concept of self a traitor can have.

The enemy taps on those weak points. That is why the development of the muscles of the soul is more important than the development of the body's muscles. That is a task not just for athletes. It is the task for instructors, coaches, and all. And history will never forgive a traitorous athlete, trainer, coach, or manager.

I think I could not bid you farewell today without saying this. There will be no attempts made to bribe athletes from any of the other 100 countries that will participate in the Olympics. They will not be asked to betray their fatherland, their sports, and their comrades [words indistinct] mostly because very few of them have the quality of our athletes. The majority of the countries do not even have the resources and their governments do not bother to develop sports. What they have is [words indistinct] The idea is to overwhelm our athletes with the ostentatious wealth they have accumulated at the expense of the world's exploitation.

They want to daze them by showing them a marvelous world with more money. In the sports market that has been developed in recent times, certain sports have more commercial potential while others practically do not have any. These sports are not profitable.

While our country was preparing for the Olympic Games, they were drafting plans and more plans to see how they could get the athletes to desert and how they could deprive us of the best athletes. One of their strategies was to deprive our baseball team of its best players as they could not defeat our team under any circumstance. They wanted to strip our team of pitchers. They knew they could not defeat us in any other way. Thus, they bribed more than just one pitcher. They bribed the team's best pitcher. He was a person who was well respected and (?considerate). We are talking about pitcher Rolando Arrojo, who disappeared. He was bribed and we know who participated. They were scared because they could not defeat our baseball team and they bribed (?Osvaldo), they bribed (Livan), and they bribed Arrojo.

It reminds me of the years in which they tried to leave us without doctors. We had 6,000 doctors and they took 3,000. We now have 70,000 doctors.

We have had our share of Judases [words indistinct], who were bribed even before the Olympic Games started because their market value would have gone up after the games. They could have been paid a lot more afterward, but it happened before the Olympics. The idea was to demoralize the team, which of course, has had a worthy reaction. They have not hesitated in condemning the action, the act of treason.

They also bribed boxers before the games. They knew they could not defeat us in baseball, they could not beat us in hitting homeruns, doubles, and triples. They want to defeat us by investing millions. They want to defeat us with their millions. We only have one weapon against that, men like Teofilo Stevenson. There was no money capable of bribing him. Men like Omar Linares. There was no money capable of bribing him. [Words

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indistinct]. Men like Felix Savon [words indistinct] in sports such as baseball, boxing, or women's volleyball in which we have clear superiority. [Words indistinct] to deprive us of a medal, to deprive us of victory, to demoralize our athletes, to demoralize the country, and to get the enemy to threaten us and harass us even more.

The comrade who spoke on your behalf [words indistinct]. There are many things that attack and offend us and that profane the memory of those who have fought, of those who have fallen, and of those who are fighting. They are offending those who have to be cutting and carrying cane by hand in a harvest such as this one, in which the food for the people and the resources for the athletes are produced. They are offending the teachers who educate our children. [words indistinct]. They are offending those who are saving people's lives in hospitals. They are offending those who work in the heat of the furnaces, all our hardworking people, the fighters who defend the fatherland, the internationalists, who provided so much service to the fatherland, and those who were killed while providing those services.

We must bear these things in mind — you, the trainers, the athletes, and INDER, because we must gain some experience from all this. You cannot wage a self-sacrificing struggle in this country to train any athlete, or anyone, who is capable of such infamy, such a betrayal of the homeland, because it would be unfair to thus repay the people who have done the most for sports and sportsmen.

It is necessary that each of you think about these things when you are out on the track, the court, the field, or wherever; think about what you are defending; think about the things for which you struggle; and be capable, at that supreme moment of your effort, of giving all that a human being can give — and what a human being can give in this case is unlimited.

No one who is capable of appreciating these values, this spirit should ever be swayed by the temptation of driving a sharp knife into the backs of their people, who trust you so much. We have done everything possible for the athletes within this difficult special period. No one believed we would be able to support the athletes' movement and all [words indistinct] with everyone's effort. Even the athletes and the instructors, who go to other countries and give INDER part of what they receive, because INDER has no hard currency and has annual expenses. Part of these expenses have been paid by collecting funds that are used for basic expenses [words indistinct] including the teams.

This has served to encourage all the athletes because, although it is true that some teams have a relatively high income, others have no income at all; and no athlete was forgotten when it was time to allocate a larger or smaller incentive. However, everyone made a special contribution to prepare for these Olympiads and to seek food — for the number of calories and proteins that all the national team needed. [Words indistinct], they should be strong, they should lack nothing with regard to clothes and other material conditions, even during the special period, when there is a shortage of things, and when convertible currency may be needed to buy medicine for a child.

Obviously, we have made sure that no child lacks medicine, but you bear witness, you have lived in one of the most difficult times in this country, in the defense of its independence, in the defense of its integrity, in the defense of its ideas.

We are attacked because the powerful empire regards as enemies those who want justice for the world; they do nothing against those who are dominated, those who do not care about education, health, and sports. Their objective is sweeping from the Earth's surface those who have given an example. While performing your activities, you have witnessed the example our people have given [words indistinct] buying athletes. You have witnessed our support for sports and our country's pride in sports. We must preserve that pride, that honor.

We are human beings, and all human beings have defects, just as we have some virtues. Human beings, however, can be motivated to give the best of themselves, they can make their utmost efforts, and they can appreciate their dignity, their honor, and the love they receive from their people. The love and confidence from the people cannot be shunned.

It is with this spirit that we want you to struggle, all of you, in these Olympic Games that will be so difficult, which will take place in the heart of the Empire that [word indistinct] us, in the heart of the monster. I am not referring to U.S. citizens — many people have been deceived through vile lies that are written and published — but to the mechanisms and the system that prevails in that country, a corrupt and corruptive system. I am referring to the extraordinary abundance of resources they have which they use to commit immoralities and injustices, and to continue waging the battle against this small country, which is shameful.

In boxing, it is tantamount to a fight between 20 kg and 100 kg. No, more than that, between 10 kg and 200 kg. This little David, however, of 5 kg or 10 kg, has a spirit of hundreds of kilograms, of thousands of kilograms. They have not been able to bring us to our knees in any field; they have not been able to take over Cuba, thanks to the heroic attitude of our people and our combatants.

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Let us despise those who sell themselves for 12 coins, like those coins Judas was said to have received for his treason. Let us vindicate the honor of sports, and let us return as the Spartans did in the old days with the shield or on the shield.

The flag we have given you today is not to sell in pieces or to let anyone tear a single piece from it. The flag we have delivered to you today represents the fatherland, dignity, courage, and heroism. It represents honor. It will be the duty of each one of you, without exception, no matter what happens; it will be your duty to bring back that flag with glory and without stains. Socialism or death! Fatherland or death! We will win! [applause]

Cuba: Government Said Not Responsible for Flotilla

PA1107025796 Havana Radio Havana Cuba in Spanish 0000 GMT 11 Jul 96

[From the "Evening Information Review" newscast]

[FBIS Translated Text] In the United States, the Antonio Maceo Brigade and the Alliance of Workers of the Cuban Community have reported at a news conference that organizers of the flotilla that will depart for Cuban waters on Saturday, 13 July, are trying to promote a confrontation between Cuba and the United States. They also accused Ramon Saul Sanchez, president of the Democracy Movement, and Jose Basulto, leader of the Brothers to the Rescue pilots, of disturbing the peace and well-being of the Cuban people with this type of action.

Here is Andres Gomez, president of the Antonio Maceo Brigade:

[Begin Gomez recording] The flotilla is an operation planned as a provocation; it is aimed at provoking a violent confrontation between them and the Cuban Government. We condemn it, and we believe that the U.S. Government should enforce its laws and international regulations in handling this case. [end recording]

According to organizers of the flotilla, if weather conditions are favorable, approximately 40 vessels will be heading for Cuba. Meanwhile, the Havana Government has asked the United States to apply international laws to prevent this type of action. Otherwise, Cuban authorities have said they will not be held responsible for whatever may occur.

Cuba: Agreement on Visa Exemptions Signed With DPRK

PA1107002496 Havana PRENSA LATINA in Spanish 2002 GMT 9 Jul 96

[FBIS Translated Text] Havana, 9 Jul (PL) — Cuban and DPRK authorities today signed here an agreement to exempt travelers from the two countries who have certain types of passports from having to obtain a visa.

The agreement, which was signed at the Foreign Relations Ministry by Cuban Vice Foreign Minister Isabel Allende and DPRK Ambassador to Cuba Kim Song-yong, eliminates the visas needed by citizens from the two nations who are in possession of, among other things, diplomatic and official passports and service safe-conducts.

According to the signatories, the new bilateral agreement shows the high level diplomatic ties between Cuba and the Asian state have reached.

Cuba: Raul Castro Presides Over Maceo Anniversary Ceremony

PA1107002796 Havana Tele Rebelde Network in Spanish 1730 GMT 7 Jul 96

[Broadcast of Maceo Anniversary Ceremony, presided over by Raul Castro; Santiago de Cuba; 7 July — live]

[FBIS Summary] This 46-minute broadcast is live coverage from Santiago de Cuba to mark the 100th anniversary of the death in combat of Major General Jose Maceo y Grajales and Maria de Grajales, presided over by General Raul Castro Ruz, first vice president of the Council of State and head of Minfar [Ministry of the Revolutionary Armed Forces].

The ceremony begins with taps, military march music, and the Cuban national anthem. The moderator lists the decorations to be given while martial music is heard in the background. Poems are read extolling Jose Marti Perez, Jose Miro Argenteros, Fermin Valdes, Maximo Gomez Baez, Antonio Gomez, and Manuel Navarro.

The ceremony includes the graduation ceremony of cadets from the Escuela Interarmas General Jose Maceo. This graduating class has been called the 40th Anniversary of the Granma Landing. Martial music plays while the graduates receive officer pins from "our glorious Revolutionary Armed Forces [FAR]." The moderator says that Commander Juan Almeida Bosque composed the choir music to commemorate the anniversary. A graduating lieutenant speaks on behalf of this class and ends with "Long live Cuba!" to which the crowd replies "Viva!"

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The ceremony ends with a speech by Juan Carlos Robinson Agramonte, member of the Central Committee of the Communist Party of Cuba and first party secretary in Santiago de Cuba. Robinson Agramonte lists Maceo's background, his humble parents, his distinguished military career — including deeds by brother Antonio Maceo — and Jose's "fatal fall in Loma del Gato on 5 July 1896."

The ceremony ends at 1816 GMT on 7 July.

Haiti

Haiti: Nation Said Responsible for Errors in Constant Case

PA1107014796 Port-au-Prince Tropic FM in French 1100 GMT 10 Jul 96

[From the "Waking Up Newscast"]

[FBIS Translated Excerpt] Klebert Vielot has told Tropic FM that, if Emmanuel Constant has not yet been extradited to Haiti, it is because there was a problem in the letter the Haitian Government wrote to the State Department. The Haitian Government is responsible if Emmanuel Constant does not get here to be tried for his bad actions, such as killing people during the time he was involved in the coup regime. Why? It is because there were mistakes in the letter the Ministry of Justice sent to the State Department asking for the extradition of Emmanuel Constant. As we said, this information was given to Tropic FM by the head of cabinet of the Ministry of Foreign Affairs.

For his part, Justice Minister Max Antoine has said that Haitian justice is ready to try Toto Constant properly and without passion. Antoine has asserted that the Justice Department will give Toto Constant an unbiased trial like any other prisoner. [passage omitted]

Haiti: Envoys to U.S., Dominican Republic Resign

PA1107015096 Port-au-Prince Radio Galaxie in French 1700 GMT 8 Jul 96

[From "The World at 13 O'Clock Thermometer" newscast]

[FBIS Translated Text] Several Haitian ambassadors in posts abroad, including Ambassador to Washington Fritz Longchamp and Ambassador to the Dominican Republic Guy Alexandre, have tendered their resignations to the government.

The chancery says it is a matter of principle to make work easier.

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Mexico: Note Urges Clinton To Suspend Helms-Burton Law

PA1107045396 Mexico City XEW Television Network in Spanish 0330 GMT 11 Jul 96

[From the "24 Hours" newscast]

[FBIS Translated Text] The Mexican Government presented a diplomatic note to the U.S. Government today. The note urges the U.S. President to suspend implementation of the Helms-Burton law. The Mexican Foreign Secretariat reported this tonight, and added that the Mexican Embassy in Washington delivered the note to the U.S. State Department this afternoon. The note expresses to President William Clinton that Mexico is concerned over the imminent implementation of this law. The Mexican note exhorts President Clinton to make use of the authority granted to him by U.S. law and adds that the suspension of this law would favor the cooperation that should prevail in relations between both countries.

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Honduras

Honduras: Cofadeh Offers Protection to Fugitive Officers

PA1007200896 Tegucigalpa LA TRIBUNA in Spanish 10 Jul 96 p 8

[FBIS Translated Text] Bertha Oliva de Nativi, coordinator of the Committee of Relatives of Missing Prisoners in Honduras (Cofadeh), announced yesterday that the doors have been opened for the protection of "living proof" [archivos vivientes] and fugitive military officers.

Yesterday, the popular leader expressed her worry over the executions of some former agents of the now defunct Department of National Investigation (DIN) who had provided evidence of torture or forced disappearances.

She believes that members of the Armed Forces — both active and retired — are the ones interested in eliminating them and who committed crimes against humanity.

Three former DIN agents have been executed over the past 15 days.

Bertha Oliva de Nativi gave assurances that they [Cofadeh] are willing to take risks to save the lives of these witnesses and thus not deny the people the right to know the truth about the missing people.

She said that the problem will not be solved by protecting the officers, but by applying justice. "We are not involved in a vendetta as it has been maliciously stated, because we know who kidnapped our relatives, and we could have very well sought revenge, but what we want is justice and for these situations not to be repeated.

"Panteras" and "Leopardos" Seek Social Acceptance

She said that it cannot be said for sure that there is any connection between the murders and the kidnappings, "but one has to act in the face of that," she added.

She said that with the operations "Pantera" in Tegucigalpa and "Leopardo" in San Pedro Sula, the idea is to change civilian society to pro-military.

They are weakened by their actions, and money should be used rationally in a country impoverished by looting.

She questioned the fact that the operations only last two or three days, and their frequency is slowly diminishing, and then violence increases. "We have to face reality and we have to analyze if the assaults and the crimes are directed."

Hung Pacheco Follows Discua Policies

As far as Bertha Oliva is concerned, General Mario Hung Pacheco, current commander in chief of the Honduran Armed Forces, is following the policies of his predecessor, Gen. Luis Alonso Discua Elvir, of not presenting the officers before the courts.

She said that she does not believe that the active officers accused of murdering Adan Avilez Funez and Amado Ezpinoza will be presented when the judges return from holiday.

Lastly, she recommended that Gen. Hung Pacheco should stop exercising his authority to protect his subordinates, because that attitude does nothing for his prestige.

Honduras: CODEH Warns of Extrajudicial Executions

PA1007213096 Tegucigalpa LA TRIBUNA in Spanish 10 Jul 96 p 8

[FBIS Translated Text] Yesterday, the Human Rights Defense Committee (CODEH) denounced that extrajudicial executions of former military intelligence members assigned to CORE VII [7th Regional Command], and the National Investigations Directorate (DNI), continue, "right before the indifferent eyes of President Carlos Roberto Reina who has failed to order an investigation into these crimes."

These former agents, described as "human files," may have been eliminated so that there "would be no evidence." This is why CODEH President Ramon Custodio is advising the surviving former military intelligence members to seek refuge with the human rights organizations, or to contact the competent judges and testify everything they know since right now they are likely to be assassinated.

Dr. Custodio stated that coincidentally, this past October, when arrest warrants were issued against those officers charged with human rights violations, there were six executions of so-called "human files," before, during, and after the arrest order had been issued. A similar occurrence took place a few days ago when arrest warrants were issued against several other military officers.

In October 1995, Jorge Mejia Irias, Sergeant Jose Valentin Iraheta Lanza, Miguel Antonio Jerez, former DNI agent Carlos Catarino Varela, Jorge Alexis Erodas Calindres, and Camindo Antonio Gomez were executed.

Former agents killed between June and July 1996 include DNI agent Juan Francisco Amador Lobo, Rene "El Zarco" Orellana, and Alfredo Rolando Arriaga, as

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well as former CORE VII agents Lorenzo Montalvan Osorio and former Sgt. Allan David Hernandez.

Custodio contends that Armed Forces Chief General Mario Raul Hung Pacheco must clarify this situation, and explain his resistance to remove Andres Wilfredo Urtecho, commander of the 7th Regional Command.

These executions "are an attempt to bury the truth and now those individuals assassinated are dead files to which we have no access," Custodio added.

Operations "Pantera" and "Leopardo" Are Illegal

According to the CODEH president, in the case of Operations "Pantera" in Tegucigalpa, and "Leopardo" in San Pedro Sula, a state of siege should have been declared, and rights such as free transit and privacy should have been suspended.

He pointed out that soldiers can be authorized to arrest criminals who are "caught red-handed," but another thing is to go around searching people "under the presumption that everyone is a criminal. I have a complaint which I intend to file," Custodio warned.

"What we want is for the law to be enforced. This is a democratic nation where there is a Constitution in effect. Operations such as the ones mentioned are illegal.

According to Custodio, he is not suggesting that operations such as those should not take place, but instead that they should be carried out in accordance to the law "considering that our president is a lawyer who specializes in international law."

He added that public opinion must be informed on whether or not the Senior Council of the Armed Forces (COSEFFAA) met secretly this past Saturday while operation "Pantera," and an official ceremony in Leparterique were taking place.

Panama

Panama: Minister Discusses U.S. Bases With Two Parties

PA1107000896 Panama City LA PRENSA in Spanish 10 Jul 96 p 2

[Report by Eva Aguilar]

[FBIS Translated Text] The representatives of the Civic Renewal Party and Molirena [Nationalist Republican Liberal Movement] who met yesterday with Foreign Relations Minister Ricardo Alberto Arias have agreed that the 1977 Panama Canal treaties must be complied with. Additionally, they stated that if talks are held with the United States on the permanence of some military bases in Panama beyond the year 2000, they must contemplate national interests.

The meetings the foreign minister is holding with political parties are the first phase of a consultation plan on the permanence of U.S. bases beyond this decade that the government has started putting into effect. However, contrary to the two meetings held with the Papa Egoro Movement and the Arnulfist Party on 5 July, yesterday's meetings were held behind closed doors.

After the meeting with the foreign minister was over, Civic Renewal Party President Carlos Abadia said that "there is nothing to hide." According to Abadia, the party's position is for the treaties to be complied with, even though the treaties were not approved wholeheartedly by all the Panamanian people in 1977.

"Even though the 1977 treaties failed to meet the expectations of the Panamanian people, and even though the Neutrality Treaty is a Damocles' sword for Panama, we believe that 1999 is the opportunity for us to gain complete independence and to be able to forge a future with our creativity," he pointed out.

Abadia categorically affirmed that the talks on the issue cannot have political connotations and must conclude with a popular consultation, which will provide the "final answer," adding that "the level of mistrust politicians have cannot continue, because we are dealing with Panama's future."

The Civic Renewal Party president believes that, since the transfer of areas started in 1977, a "serious and responsible plan" has not been drafted, and that this is why "we have now lost many of these areas that have not been exploited for Panama's sake."

Meanwhile, Olmedo Guillen, a Civic Renewal Party legislator, described as an "insult" the proposal the United States made to keep bases in the Panamanian territory without an economic compensation.

In this regard, Molirena President Ramon Morales said that, at the meeting with the foreign minister, it was clearly stated that Panama must have economic benefits in case Panama decides to negotiate the permanence of U.S. military bases with the United States.

Morales added that, thanks to this meeting with the foreign minister, Molirena has "enough information" to hold talks on the issue within the party.

In addition to the Molirena president, other party members such as former Vice President Guillermo Ford, Molirena Vice President Jorge Ruben Rosas, former Comptroller General Ruben Dario Carles, and former Planning Minister Delia Cardenas also participated in the meeting.

In the meantime, the foreign minister stressed that Panama has yet to take a position on the sites the

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United States wishes to keep in Panama and that the final agenda the Panamanian Government will draft on this issue will ensue from these talks.

Panama and the United States started holding exploratory talks after U.S. President Bill Clinton and Panamanian President Ernesto Perez Balladares met in September 1995.

Panama: Government Interested in Developing Amador

PA1107030096 Panama City LA ESTRELLA DE PANAMA in Spanish 9 Jul 96 p 7A

[Report by Ruben Dario Diaz]

[FBIS Translated Text]

Tourism Investments in Amador Uncertain

Only two months remain for the 260 hectares of land in Fort Amador, proposed by the country's authorities as Panama's First Tourism Complex, to revert to Panama. However, to date, nothing has been decided about the lack of an adequate infrastructure system that will serve to encourage local and foreign investors to invest in new hotels, develop the area's tourism potential, and create the jobs needed by the thousands of unemployed Panamanians.

The national government has confirmed its commitment to promote tourism in Panama by launching an advertising campaign within the country as well as abroad in order to attract investors and tourists.

Fort Amador and all its installations will be reverted to Panamanian jurisdiction during the month of September in accordance to the Torrijos-Carter treaty. However, to date nothing has been done to set up the necessary infrastructure that will encourage local and international consortiums to invest in the area's tourism potential.

The government has opted instead to grant concessions of Fort Amador's land to investors interested in developing tourism projects. Nevertheless, also evident is the absence of a basic infrastructure that includes the cleanup of the Panama Bay, aqueducts, electrical power, thoroughfares, telephone system, and others.

Setting up the previously mentioned infrastructure will require millions of dollars, reason for which the government will have to turn to the international financial organizations to ensure the funds to deal with this situation, and to provide investors with the necessary conditions so that they can invest in the area.

Investors Are Concerned

Local investors have already expressed their concern with respect to the lack of an adequate infrastructure, most of all, those related to the cleanup of the Panama Bay, the cost of electrical energy, ecological problems, and an inadequate sewage system.

To Robert Baker, president of the American Chamber of Commerce and Industry (AMCHAM), the idea of building a tourism complex in Amador is a positive one. However, there is concern with respect to the type of foreign investors that will become involved in such a project since there is the risk that they might invest, and then leave the country if they fail. On the other hand, local investors will stay regardless of the situation because they are interested in promoting Panamanian tourism.

"Amador belongs to the Panamanian people and the government must grant land concessions to local investors since the objective is to implement recreational tourism and not profit-oriented tourism which is what foreign investors seek. Profit-oriented tourism is more fitting for the central part of the city and other tourism areas," Baker stressed.

The AMCHAM president contends that he would refrain from investing in Amador until such time as the rules of the games were clearly stipulated, and businessmen are provided with adequate infrastructure, since investors not only seek to build hotels, but also suitable conditions to invest and attract tourists.

Sewage Treatment and Cleanup of the Bay Are Issues Pending Solution

Beatriz de Hermoso, president of the Panamanian Tourism Chamber [Camara de Turismo de Panama] (CANTUR), also stated her concerns over Panama's tourism development. She added that Amador is a medium and long-term project, therefore work must now begin in bringing cruise ships to the area so that transiting passengers may have the opportunity to leave their ship, and bring foreign currency into the country.

De Hermoso also said the cleanup of the Bay of Panama is important so that we no longer have the sewage problem in the bay.

She said joint investments should be made to refurbish the infrastructure in Fort Amador. The government should contribute its share and the company winning the bids for the various tourism projects should contribute the rest.

She said that another one of the concerns is the environmental impact, which could adversely affect the

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fauna and flora in the canal basin, as well as in national parks as a result of overpopulation and squatters.

Beatriz de Hermoso is aware that a great deal needs to be done for our national tourism, but this is also the responsibility of all Panamanians. She said, however, that the CANTUR has drafted plans to unify efforts between the government and the tourism associations in order to find solutions to infrastructure problems, to draft a marketing plan, to create a national tourism awareness, to attract investments, and to develop support service infrastructures with the institutions that provide related services such as the Public Works Ministry, the National Waterworks and Sewer Systems Institute, the Institute of Hydraulic Resources and Electrification, the National Institute of Telecommunications, and members of the board of directors of the Interoceanic Region Authority.

Finally, she announced that her tourism association has the goal of bringing 97,000 tourists to the country in 1997 and a million more for the year 2000.

The CANTUR has formed the Pro-Tourism Alliance, a strategic map the purpose of which is to promote Panama as a tourism destination, including its canal, and as a country providing a variety of attractions within a framework of security, and with a high degree of quality service and good treatment to visitors, so that tourism can become the primary source of revenues for the country.

The mission of the tourism association is to define objectives, unify criteria, and carry out actions with discipline, constantly updating itself professionally so that we can place ourselves in the position of being a preferred tourism destination.

The objectives of the CANTUR is to jointly develop the promotion of tourism with the business associations, private enterprises, and government institutions. The objective is to promote the country abroad and to promote the various regions of the country locally.

Likewise, the idea is to promote the development of tourism infrastructure and equipment. The idea is to maintain the best relations among the various tourism sectors by examining common problems, reconciling interests, and coordinating activities.

The objectives of the CANTUR also include the passage of appropriate legislation for the benefit of the tourism industry, as well as the cooperation and the maintenance of good relations with government organizations, national and international private, and public institutions that are directly or indirectly related to the tourism industry.

Likewise, the CANTUR intends to create a coordination mechanism for the participation of Panamanian tourism in international tourism events, as well as to promote tourism delegations to other countries, and create a two-way information center for the marketing of Panamanian tourist attractions abroad.

Finally, the CANTUR intends to conduct public awareness and training programs for the personnel of the tourist companies.

Panama: Official on Struggle Against Cali Cartel

PA1107035896 Panama City EL UNIVERSAL DE PANAMA in Spanish 10 Jul 96 p 2A

[Report by Victor Dagoberto Torres]

[FBIS Translated Text] Ramiro Jarvis, the deputy director of the Judicial Technical Police (PTJ), has stated that the government declared the war to the Cali cartel, an organization that furthers illegal activities in several parts of the country.

Jarvis indicated that PTJ operations against the Cali cartel's illegal activities have been unremitting.

"We are furthering the international effort against the Cali cartel," Jarvis added.

The deputy director said the PTJ has managed to dismantle the Cali cartel's criminal organization and arrested important drug kingpins.

Jarvis reiterated that Panama has recently given examples of its efforts against the drug organization..

He indicated that Panama has joined the efforts made by other Latin American countries to arrest Cali cartel members and dismantle the organization, which operates in several countries.

The detective added that Panama dealt a strong blow to the drug mafia when they arrested alleged drug trafficker Colombian Jose Castrillon Henao.

The police investigator explained that the drug mafia has a very complex structure that cannot be destroyed solely with the elimination of one of its chieftains.

"The drug mafia is a very powerful structure and it is very hard to destroy it entirely," he stated.

Jarvis indicated that PTJ detectives have to be always alert to fight the drug traffickers and discover their movements at a given time.

He added that the drug organization is able to reorganize immediately after it has been dealt a blow.

The Cali cartel has world-wide importance because of the drug operations it carries out.

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Argentina

Argentina: Justice Minister Resigns Over Alleged Nazism

PY1107020296 Buenos Aires TELAM in Spanish 0042 GMT 11 Jul 96

[FBIS Translated Text] Buenos Aires, 10 Jul (TELAM) — Raul Delgado, press and dissemination secretary of the Presidency, reported tonight that President Carlos Menem has accepted the resignation tendered by Justice Minister Rodolfo Barra.

Delgado noted that the president "asked me to tell you that he has accepted the resignation tendered by Minister Barra and that he has appointed Elias Hassan, current justice vice minister, as his replacement.

[Buenos Aires NOTICIAS ARGENTINAS in Spanish at 0043 GMT on 11 July in a similar Buenos Aires-datelined report adds: "Barra's resignation had been frequently solicited over the past two weeks by the Jewish community, after his past ties with ultrarightist and allegedly Nazi organizations was reported."]

Argentina: Di Tella Views Compensation Plan for Falklands

PY1107034396 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1227 GMT 10 Jul 96

[FBIS Translated Text] Buenos Aires, 10 Jul (NA) — Foreign Minister Guido Di Tella revisited the possibility of regaining sovereignty over the Malvinas [Falkland] Islands through the payment of a compensation to the kelpers, describing it as "a very good idea" that could be useful "at a given moment."

Nevertheless, Di Tella subordinated this alternative to the necessity of achieving an agreement on the significance of and occasion for this practice that will permit a concerted headway in the hypothetical negotiations that should be conducted with the archipelago inhabitants.

The foreign minister yesterday told a Buenos Aires radio station: "That is a very good idea that could be useful at a given moment. Nevertheless, first we have to agree between us that it is an opportune and significant idea, as it is not an inexpensive one."

Di Tella also assessed the mood prevailing in the islands toward the Argentine Government's sovereignty claims.

In this regard, the minister emphasized that "one quarter" of the kelpers "are reasonable people," as they would accept the return of the Malvinas Islands to Argentina.

Di Tella explained that "the rest are not unreasonable," but "do not have a good opinion" of Argentina and, therefore, "are cautious" over the possibility of a change of status [preceding word in English] for the islands.

Di Tella noted that "the coups d'etat, the dictatorship, inflation, and hyperinflation" are negatively affecting the islanders' mood, but also emphasized that they also acknowledge the existence of a "new Argentina."

The foreign minister explained: "They have taken note on the existence of a new Argentina, a democratic Argentina where governments succeed each other, inflation is absent, and human rights are respected. But they are not totally convinced."

Di Tella also pointed out that the fact that the Malvinas inhabitants are currently forming "a less isolated society that feels protected by the United Kingdom," a society in which the economic level "has changed, basically over the fishing issue," represents a stumbling block for Argentina's hopes.

In this regard, Di Tella blamed this comfortable situation on the "inopportune" measures taken on the fishing issue by [former] Foreign Minister Dante Caputo under the UCR [Radical Civic Union] administration, emphasizing the agreements signed with Russia and Bulgaria in 1985.

Di Tella emphasized: "We signed those agreements under the belief that in that manner we would achieve recognition of our sovereignty through the back door. The following day (the British) responded by establishing the exclusion zone, which was the basis for their fishing policy and the current prosperity of the kelpers."

The foreign minister ruled out the possibility of the UN Decolonization Committee approving a petition filed by the islanders for achieving the right to self-determination, pointing out that the Argentine stance is being supported by the majority of this 24-nation committee.

Di Tella ultimately noted: "We are being supported by 18 or 20 nations. Four or five nations are abstaining themselves or want the self-determination issue to be taken into account."

Argentina: Buenos Aires Mayoral Election Results Noted

PY1107023796 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1647 GMT 10 Jul 96

[FBIS Translated Text] Buenos Aires, 10 Jul (NA) — In keeping with the official results released at noon today by the Buenos Aires Electoral Board, UCR [Radical Civic Union] candidate Fernando De la Rua won the 30 June Buenos Aires [mayoral] elections by 627,924 votes.

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Prepaso [Front for a Country in Solidarity] candidate Norberto La Porta received 500,542; PJ [Justicialist Party] candidate Jorge Dominguez received 286,912 votes; and New Leadership candidate Gustavo Beliz received 175,605 votes.

With regard to the votes for the provincial constituent assembly members, the Prepaso received 654,466 votes; the UCR received 513,656 votes; the PJ received 283,795 votes; and the New Leadership received 154,160 votes.

Out of 2,556,489 registered citizens, 1,940,599 Buenos Aires citizens finally voted, which represents 75.91 percent of the citizens entitled to vote.

With these results, the Prepaso will occupy 25 provincial constituent assembly seats, the UCR will occupy 19 constituent assembly seats, the PJ will occupy 11 constituent assembly seats, and the New Leadership will occupy 5 constituent assembly seats.

The Electoral Board also reported that the Buenos Aires mayor-elect, the Buenos Aires deputy mayor-elect, and the elected 60 constituent assembly members will receive their appropriate diplomas at 1600 on 12 July.

Argentina: Banker Hopes Bucaram To Be 'Ecuador's Menem'

PY1107023996 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1934 GMT 9 Jul 96

[FBIS Translated Text] Quito, 9 Jul (AFP-NA) — Ecuadoran Banker Roberto Isaias, who will be a member of President-elect Abdala Bucaram's economic team as of 10 August, said today that he expects the new president "to become Ecuador's Menem."

Isaias, who together with Alvaro Noboa and David Goldbaum are members of the committee Bucaram has entrusted with designing the economic program the government will implement in the next four years, said: "If this is true, Ecuador expects the coming years to be very fruitful."

Isaias explained that as a banker (he is the Filanbank chairman) he has no fears about the next president. He added that the phrase that Bucaram would be "the nightmare of bankers" was also used during Argentine President Carlos Menem's election campaign.

Isaias said: "I have known Bucaram for many, many years. I have never feared him and I believe I never will." Regarding the economy, Isaias said that "there is no need for making any drastic changes to the currently enforced macroeconomic policies."

After stating that the macroeconomic policy will be drafted in the next few days, Isaias said: "Although the same identical guidelines will not be implemented, we will follow the same basic economic concepts."

In addition, Isaias said that people are working on four basic economic issues:

— Drafting a diagnosis of the economic situation;

— Drafting an economic program on the basis of an strict fiscal discipline and free enterprise;

— Suggesting names for possible appointees to the economic team;

— Adopting clear rules for the development of national and foreign investments.

Argentina: Camilion To Attend Caribbean Security Meeting

PY1107035596 Buenos Aires TELAM in Spanish 1515 GMT 10 Jul 96

[FBIS Translated Text] Buenos Aires, 10 Jul (TELAM) — Defense Minister Oscar Camilion left for Jamaica where he will meet Caribbean security authorities to achieve a consensus on the agenda for the upcoming summit of defense ministers of the Americas, scheduled for October in Bariloche.

Defense Ministry sources reported that Camilion and Ricardo Lagorio, defense policy and strategy secretary, left for Jamaica at 2100 on 9 July from the Ezeiza international airport.

The defense minister is scheduled to meet Keith Knight, Jamaican security and justice minister, to review Jamaica's proposal on the issues that will be raised during the upcoming summit of defense ministers.

Camilion will leave on 12 July for Barbados, where the East Caribbean Regional Security System is headquartered. The East Caribbean Regional Security System also includes Antigua and Barbuda, Grenada, Dominica, St. Kitts and Nevis, St, Vincent and the Grenadines, and St. Lucia.

In Barbados, the Argentine defense minister will meet Barbados Prime Minister Owen Arthur, with the goal of achieving a consensus on the agenda for the ministerial meeting.

Camilion held similar meetings with his counterparts from the United States, Canada, Brazil, Uruguay, Chile, Paraguay, and other nations, with the goal of "achieving a consensus" on the agenda for the upcoming defense ministers meeting.

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The sources added that common regional issues will be raised and enhanced cooperation among the participating nations will be proposed at the defense ministers of the Americas summit, scheduled for 6-9 October in Bariloche, with the participation of 34 nations of the Americas.

The key issue for the summit will be: "Peace as a result of talks and the way in which the defense contributes to the social, economic, cultural, scientific, and technological progress of the nations."

In keeping with the Summit of the Americas, the first hemispheric defense conference was held in the city of Williamsburg (United States) in late 1995.

On that occasion, the key issue was: "The leadership of the civilian power over the military power in the defense sector." In keeping with petitions made by such countries as Bolivia, Colombia, and Peru, the problem of threats posed to security by drug trafficking and narcoterrorism was discussed at the Williamsburg summit.

It was reported that Camilion will leave for Buenos Aires on 15 July.

Bolivia

Bolivia: President Views Andean Nations Joining Mercosur

PY1007133896 La Paz LA RAZON in Spanish 27 Jun 96 pp B6, B7

[FBIS Translated Text] Arriving from Argentina, where he signed a standard trade agreement with Mercosur [Common Market of the South] — a step that was challenged by Andean countries — President Gonzalo Sanchez de Lozada emphasized on 26 June that within a short period of time all Andean Community countries will be part of the growing Mercosur free trade area.

Ruling out the possibility of a conflict with the Andean Group over Bolivia's and Mercosur's decision to gradually approach free trade, Sanchez de Lozada said: "I believe all the Andean Community countries will shortly join this trade area, while preserving their essence and institutional system."

Sanchez de Lozada added: "Bolivia was the first, but other Andean Community countries will join (Mercosur), as a bloc or separately."

The president said criticism by some Andean countries, which judged the Bolivian attitude, "is unclear." He said: "Bolivia acted in a coordinated manner with the Andean Community. Lists showing which products will be protected and which products can be exempted were discussed."

Sanchez de Lozada also described Mercosur as South America's most significant and dynamic integration process, as it achieved marked growth over the past five years.

Sanchez de Lozada noted: "Mercosur has increased its exports to other international markets." He said the standard agreement signed in Buenos Aires, which paves the way for free trade with Mercosur, represents a necessary, significant, and decisive step, as Mercosur countries are exporting many products to Bolivia, products that use exported Bolivian components.

Victor Rico, Foreign Ministry trade relations secretary, noted that negotiations with Mercosur were carefully coordinated with the Andean Community partners and were based on two topics.

Rico said: "The first topic involved including sensitive products from Andean countries, basically Ecuador and Colombia, on the list of sensitive Bolivian products. These will have a tariff exemption period of more than 10 years."

Rico added: "The second topic involved trade competition and country-of-origin standards. The Bolivia-Mercosur agreement included the cumulative origin [origen acumulativo] concept, involving the incorporation of raw materials and components from Andean countries into the Bolivian production process as if they were Bolivian components and raw materials. In this manner, Bolivia specifically plays the role of a bridge in the regional integration process."

Bolivia: Daily Sees Bolivia 'Finally Joining' Mercosur

PY1007173196 La Paz LA RAZON in Spanish 25 Jun 96 p A5

[Editorial: "A Mere Framework Agreement for Mercosur"]

[FBIS Translated Text] There have already been several very explicit signs of disagreement over Bolivia's immediate partnership with Mercosur [Common Market of the South]. This reticence is shown domestically — by various Bolivian sectors — as well as within Mercosur and, further away, by the Andean Group with which Bolivia, as a member, has commitments to honor.

These attitudes are understandable taking into account the intrinsic importance of Mercosur, since membership entails firm and lasting commitments, as well as great significance for its members. This reticence is also understandable in view of our great commercial weakness due to our underdeveloped industries, that for the time being can offer very few goods and services to an expanded market. This weakness is also evident in that

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these goods and services are hardly competitive with imported products even within our country.

But this situation cannot — will not — prevent Bolivia from finally joining Mercosur. There is no doubt about this, as can be deduced from any significant comment on the issue. President Gonzalo Sanchez de Lozada asserted this in Buenos Aires, on the occasion of the new Mercosur presidential "summit" in San Luis, Argentina. Although they may have exaggerated somewhat or resorted to generalizations, no reticent Bolivian businessmen have said anything to the contrary.

Undoubtedly although regionalization, and even globalization of the economy through partnerships of various forms, encourages countries to form great commercial blocs, it also causes limitations and apprehensions. This is the case of Bolivia's partnership with the Andean Group. As other Andean Group partners have again pointed out in Bogota, another important fact is that there are limitations for a member of this subregional group to belong to another free trade organization.

In view of these various factors all Bolivia can do, for the time being at least, is to sign a framework reference agreement with Mercosur. Chile, the other country that is outside the group but is almost ready to join it, has had to undergo a process lasting several months before it reached the point now where it could sign the agreements. This is without taking into account the obstacles of the Andean Group, to which Chile ceased to belong during the first years of its creation.

The importance, convenience, and need for Bolivia to belong to Mercosur is obvious. Bolivia's presence is convenient for the group, as well. It has always been stated that, par excellence, Bolivia should be the hinge country in this part of the continent because of its situation and geographic reality, in addition to the historical moment it is currently experiencing. The very positive determination of the private sectors is greatly responsible for this.

If the two organizations to which Bolivia belongs, the Andean Group and Mercosur, are by any means incompatible and exclusive, the aforementioned current universal tendency to form huge economic and commercial blocs will help overcome the current obstacles. Therefore, opportune, honest, and prudent negotiations will play a decisive final role.

Bolivia: Armed Forces Promote Respect for Human Rights

PY1007192596 La Paz PRESENCIA in Spanish 28 Jun 96 Section 1 p 8

[FBIS Translated Text] Defense Minister Jorge Otasevic said the Armed Forces have assumed their new role of consolidating democracy after being involved in several coups d'etat. They thus decided to promote human rights and the democratic process.

Otasevic said that to this end a number of seminars are being held, like one entitled "Human Rights, Armed Forces and Democracy" in Santa Cruz on 3 and 4 July with the support of the Interamerican Human Rights Institute.

Commenting that defense ministers and military chiefs from several Latin American countries will attend the seminar, Otasevic said: "We seek to promote human rights, the Constitution, and democracy." The Armed Forces perpetrated coups d'etat in Latin America in the 1970's, installed de-facto government, and violated human rights on numerous occasions.

This grim stage of the Armed Forces, however, has been overcome in Bolivia. They are now an institution that seeks to strengthen democracy and respect for human rights.

Otasevic said the Armed Forces, political parties, labor union organizations, and society play an important role in consolidating the current democratic process.

Otasevic added that the seminar next week seeks to explain this change and the new role of the Armed Forces under democracy.

Otasevic said: "The plan is to show that security institutions, like the Police and the Armed Forces, do not violate human rights when they meet their objectives under constitutional norms."

Brazil

Brazil: Mercosur Trade Agreements To Be Completed in 1997

PY1107025896 Sao Paulo GAZETA MERCANTIL in Portuguese 9 Jul 96 p A7

[Report by Maria Helena Tachinardi]

[FBIS Translated Text] The system of free trade agreements between Mercosur [Common Market of the South] and its partners will be completed in 1997. The Common Market Group, which is Mercosur's executive organ, has been authorized to negotiate free trade zones with Ecuador, Colombia, and Peru. Mexico is not

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included in short-term negotiations because it is a member of NAFTA, the bloc that also includes the United States and Canada.

"No political decision has been made to promote a free trade agreement with Mexico in 1997," Renato Marques, chief of the Itamaraty Integration Department, has told this newspaper. He explained that because of Mexico being a NAFTA member, any agreement will call for detailed analysis of its consequences for commerce with the four Mercosur partners: Brazil, Argentina, Paraguay, and Uruguay. An eventual agreement with Mexico may be considered only upon conclusion of negotiations with Ecuador, Colombia, and Peru.

Actually, according to diplomatic sources, there are two main factors complicating the case with Mexico: The country made substantial tariff concessions to Uruguay and is not willing to extend them to the other Mercosur members. Moreover, Mexico is not willing to pay compensation to the countries of the region, which claim damage caused by the fact that they were not granted the same commercial benefits granted to the United States and Canada.

After conclusion of the agreement with Chile, the priority will be to complete the negotiations over a free trade pact with Bolivia on 2 August, and probably the signing of a similar document with Venezuela. "Brazil is considering the possibility of proposing Mercosur to directly make a free trade agreement with Venezuela, skipping the stage of renegotiating preferential tariffs," which is the first step leading toward full liberalization of exchange, Renato Marques said.

Renegotiating preferential tariffs with Ecuador, Peru, Mexico, and Colombia before the end of the year is a priority, because Mercosur will no longer be able to extend such bilateral agreements, which will expire on 31 December. If preferential tariffs have not been made multilateral before that date, a good deal of the Mercosur trade with those countries will stop benefiting from lower tariffs.

It will be advantageous for Brazil to renegotiate preferential tariffs, because in the past it offered tariff reductions to its partners without receiving an equivalent reduction in return. "We want to correct that," Marques said.

He foresaw "an optimistic stage" for the negotiations over a free trade area with Venezuela, and for giving multilateral validity to preferential tariffs, compared with the difficulties faced in the agreements with Chile and Bolivia. He explained the reason: "Competition between the four Mercosur partners, Chile, and Bolivia is stronger than competition between Mercosur and the Amazon countries. If common sense prevails, negotiations will be easier," he said.

This year, Brazil is coordinating the work on the Free Trade Area of the Americas (FTAA). Brazil proposed, along with Mercosur, a meeting of the coordinators of the 11 working subgroups in Washington, in August. According to Marques, the groups that have made more progress are those dealing with plant health, customs, and technical specifications.

The working group on the access to markets, which is presided over by El Salvador, is meeting in Washington this week. Its main current task is to create a data bank with the support of the Inter-American Development Bank. The data bank will include the tariff restrictions in the 34 FTAA countries. The objective is to conclude negotiations for liberalization of hemispheric commerce in 2005.

Brazil: Ideas on Money Laundering Bill Sent Via Internet

PY1107024296 Sao Paulo GAZETA MERCANTIL in Portuguese 5 Jul 96 p A14

[Report by Mariangela Gallucci]

[FBIS Translated Excerpt] Justice Minister Nelson Jobim on 4 July introduced a draft bill to fight the laundering of money produced by drug and arms trafficking, terrorism, criminal organizations, and crimes against the state. The draft bill has been on the Justice Ministry Internet page since 1600 on 4 July, awaiting suggestions.

Any person anywhere in the world who can access the network may point at mistakes in the draft through the (http..\\www.mj.gov.br) address. The e-mail for suggestions is mjcci@cr-df.rnp.br. On 10 July, English, French and Spanish versions will be available for consultation. Jobim intends to give president Fernando Henrique Cardoso the final version on 15 August. [passage omitted]

Brazil: Construction of Gas Pipeline With Bolivia Cleared

PY1007172696 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 5 Jul 96 p B7

[FBIS Translated Text] As of 1998, between 70 and 80 Sao Paulo counties, hundreds of industries, and 18 to 20 million people will be using piped natural gas brought in from Bolivia, replacing liquefied petroleum gas (LPG), known as bottled gas which is currently used as kitchen gas.

Petrobras [Brazilian Petroleum Corporation] and the Sao Paulo Government on 4 July signed an agreement

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to enable the construction of the Brazil-Bolivia gas pipeline which will cost $1.8 billion. The agreement, details of which will be finalized by technical teams, was signed by Sao Paulo Governor Mario Covas and Petrobras President Joel Rennó at Bandeirantes Palace.

The agreement with the Sao Paulo State Government was needed to give impulse to the construction of the Brazil-Bolivia gas pipeline, which President Fernando Henrique Cardoso wants to dedicate during his term.

Sao Paulo State guarantees to purchase 50 percent of the Bolivian gas supplied through the pipeline. The agreement will pave the way for Petrobras to contract World Bank financing and create an enterprise to build the project in partnership with two foreign consortia. Petrobras will own 51 percent, while foreigners will own the remaining 49 percent.

Sao Paulo Energy Secretary David Zylberzstein said the Sao Paulo State government intends to grant concessions for the piped gas to Comgas [Municipal Gas Company], which will be privatized, and to the enterprise that submits the winning offer for exploitation of gas in the areas near the pipeline, between Campinas and Mato Grosso.

Comgas will continue to supply the Paraiba Valley, the industrial belt, Santos, and the state capital. Comgas may be privatized following the approval by Congress of a law regulating the petroleum and gas market.

Under the agreement reached on 4 July, Sao Paulo State will buy 8 million cubic meters of Bolivian gas per day as of 1998 — when the pipeline becomes operational — and will double this consumption in 10 years. Some major disagreements between the parties were resolved at the meeting. The most important issue was breaking the resistance of Petrobras to immediately start supplying natural gas produced in the Campos Basin, which costs 15 percent less than the Bolivian product.

At first, Petrobras insisted on supplying only Bolivian gas to Sao Paulo. Settlement of this disagreement enabled negotiators to establish a price that — when the gas pipeline starts operating — will be lower for Sao Paulo consumers. Zylberzstein said piped natural gas significantly reduces air pollution compared with products like fuel oil, and is safer and can avoid tragedies like the LPG explosion at the shopping center in Osasco.

Brazil: Disagreements Over Protectionism Noted

PY1007170596 Sao Paulo GAZETA MERCANTIL in Portuguese 8 Jul 96 pp A1, A6

[Report by Maria Helena Tachinardi]

[FBIS Translated Text] There is clear disagreement between the Ministry of Industry, Commerce and Tourism (MICT) and Itamaraty [Brazilian Foreign Ministry] over ways to manage the commercial opening process in light of pressure from the industrial sector on expanding protection against imports.

For Brazilian diplomacy, increasing import tariffs on toys from 20 to 70 percent "sets a precedent under which other sectors can also seek protection." In the eyes of the international community, it reflects a "retrograde step in the economic opening."

Itamaraty believes the most serious point is that the safeguard on toys will undermine Brazilian efforts to convince the EU, Japan, Korea, and the United States to agree to a provisional measure on automobile parts. EU representative to Brazil Bruno Dethonmas told this newspaper: "Those problems create a negative atmosphere for negotiating over automobile parts." He also spoke about the wine import tariff increase.

Industry and Commerce Minister Francisco Dornelles rejects the label of protectionist, remarking that the MICT will continue to use the instruments authorized by the WTO to counter unfair commercial practices, like antidumping measures, compensatory duties, and safeguards. He said he would summon sectors harmed by protectionist measures imposed by the United States and the EU to "jointly design strategies."

Dornelles said: "Saying the market is closed reveals unawareness or a wish to be hypocritical at the expense of Brazilian industry and Brazilian workers."

The minister said that of the four investigations leading to the adoption of antidumping measures and compensation duties (used for neutralizing subsidies) — which were evaluated in June — two cases were rejected (European wheat and metallic magnesium supplied by the United States, Russia, and Ukraine), one was accepted (toys), and one is still being studied (Chinese-made pencils).

Brazilian diplomats, who believe "entrepreneurial pressure will increase," are concerned about this trend "because following the toy sector, others will also ask for protection." Dornelles agrees with the forecast, but he says that it is a natural trend. "As the economy opens wider, there will be more requests for investigation.

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There were no requests for safeguards when the economy was closed. Our technical organ, (Technical Investigation Department, linked to the Secex [Foreign Trade Secretariat]) will operate like in Europe and the United States, in strict compliance with the law. This does not mean being hypocritical. Those who think like that are unaware of international commercial rules."

An Itamaraty source reported that the external impact of the safeguards that Brazil has recently adopted, on textiles and toys, will be analyzed at a meeting of the Chamber of Foreign Trade, which is subordinated to the Civil Household, on 30 July.

Dorneles last week met with manufacturers of instant coffee, a product on which the EU imposed a 9 percent tax. Within the next few weeks, he will speak with orange juice, and iron and steel manufacturers. He said: "I will call all sectors that are the target of protectionist measures abroad, and ask them to adopt appropriate measures in Europe and in the United States, and to hire commercial lawyers."

Itamaraty is satisfied with the position advocated by some developed countries, among them Switzerland and Australia, which are against the inclusion of a "social clause" (tying commerce with labor standards) at the WTO. This was one of the main conclusions of a meeting held last week in Lausanne, Switzerland, prior to a WTO ministerial meeting in Singapore in December.

Brazil: Low-Tariff Regional Trade Products List Released

PY1007143896 Sao Paulo GAZETA MERCANTIL in Portuguese 3 Jul 96 pp A1, A4

[Report by Leandra Peres]

[FBIS Translated Text] On 2 July, the Brazilian Government released a list of 18 products that will be included in the Mercosur [Common Market of the South] list. This mechanism was created at a Common Market Group (GMC) meeting to replace the "Dallari list."

The Brazilian proposal includes, among others, fuel alcohol, fertilizers, pesticides, chemicals, adiponitrile (a chemical for manufacturing nylon thread), elastomeric thread (raw material for lycra production), beer bottle tops and cans, and fishing equipment. The two fishing sector products have not yet been confirmed because they depend on technical studies to be submitted to Planalto Palace.

The products included in the list will pay less than the Common External Tariff (CET), yet tariff reductions will be conditioned to quantitative limits. One government source explained: "Importation at lower tariffs will apply only to a specific quantity, which will be sufficient for meeting the needs of each country."

Brazil can include 20 products on the list. "Yet the instruction is that we should not abuse it," the source told this newspaper. The Brazilian list will be analyzed in Argentina, Uruguay, and Paraguay and confirmed only after the four countries reach consensus in negotiations within the Mercosur Commission of Commerce (CCM), which are scheduled for 16 July.

The GMC rules state that the country requesting lower tariffs must submit a proposal specifying the quantity of the products it wants to import, the tariffs, and the period of validity of the tariff for each product, in addition to a justification for the request. Among the requested explanations are data on domestic production, importation and exportation figures for the products, and the evolution of prices.

The source said: "To resolve supply problems, Mercosur created a mechanism that is much more responsible and strict than the Dallari list, and this is a significant step forward."

The supply list applies to all Mercosur partners. New products may be included every six months, within the limit of 20 products, and products may be withdrawn any time. Tariffs may be reduced only when the product is not available from any Mercosur country, because preference must be given to the partners.

The list will initially remain in force for two years, but if the mechanism proves to be efficient, it may become permanent. Prior to 2 July, the deadline for proposing low-tariff importations, Argentina was the only country that had officially notified Brazil.

The list of 18 products on which tariffs above CET levels will apply, and which will be included in the list of exceptions, was also made on 2 July. The products are rice (two products), peaches (two products), wine (two products), gypsum (five products), plaster (two products), titanium dioxide (two products), and bicycle parts (three products).

Brazil: Government Allies Fear Campaign's Pension Fund Use

PY1007165096 Rio de Janeiro O GLOBO in Portuguese 9 Jul 96 p 2

[From the "Political Outlook" column by Tales Faria: "A Warning Signal"]

[FBIS Translated Text] While reports of the murder of P.C. Farias still make front page headlines, Planalto

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Palace is doing everything it can to overcome both minor and major hurdles that are eroding its congressional support base. The imminent rejection of the CPMF [Temporary Tax on Financial Operations] is a minor problem compared to the scandal provoked by the preferential treatment given to municipal districts governed by PSDB [Brazilian Social Democracy Party] members in terms of the distribution of budget funds. Yet another major confusion is looming large on the horizon.

Pension funds are at the center of the new turmoil. PFL [Liberal Front Party], PMDB [Brazilian Democratic Movement Party], and PPB [Brazilian Progressive Party] panicked when they heard that Eduardo Jorge Caldas, secretary general of the presidency of the Republic, became the administration's contact person with the managing boards of pension funds linked to major state-owned companies. The assets of these pension funds total nearly 60 billion reals. Just a small portion of these funds could change the course of the electoral campaigns in major municipal districts. This is why Caldas is on every list of expendable senior administration officials prepared by pro-government parties.

Pension funds represent such a vital area that the presidents of pension funds appointed under this administration enjoy the complete confidence of Planalto Palace. For instance, Luis Eduardo Vasconcelos — who coordinated President Fernando Henrique Cardoso's electoral campaign — is the president of Previ, the pension fund of the Bank of Brazil [BB]. Vasconcelos became Previ president even though BB President Paulo Cesar Ximenes endorsed another name for the post.

PMDB leaders have learned that the municipal election was openly discussed at a meeting of pension fund presidents on 20 June. The PMDB is planning to study the issue with the PFL and the PPB: If it appears that pension funds are influencing the election, the three blocs are prepared to withdraw their support for the administration in Congress.

Brazil: Telebras Privatization Said To Start Jan 1997

PY1007152596 Sao Paulo GAZETA MERCANTIL in Portuguese 3 Jul 96 p A6

[Report by Isabel Versiani]

[FBIS Translated Text] Communications Minister Sergio Motta on 2 July announced that exploitation of the entire telecommunications system will have been transferred to the private sector by the end of the government of Fernando Henrique Cardoso. Contrary to what was announced at the beginning of the year, the government no longer plans to continue to operate the basic Telebras [Brazilian Telecommunications, Inc.] phone services for a specified period, during which the private sector — under concessions that have already been granted — will be rendering other services.

In statements to the committees of Infrastructure, Constitution and Justice, and Economic Affairs of the Federal Senate, Motta said that "we changed our mind because we realized that Telebras would be unable to compete on an equal footing with private enterprises, because it will have to comply with the regulations affecting state-run telephone companies." The minister announced that Telebras will be privatized as soon as the government approves the legal structure that is necessary for this objective.

The minister added that the government wants to approve a law to regulate the concessions for cellular phone and satellite services during the special period of congressional sessions in July. The call for bids for B band (frequency band for exploitation of cellular phone services by the private sector) and satellite services will then be published in August. The A band, which the government is currently using for rendering cellular phone services, would then be transferred to the private sector.

Upon completion of the first stage, the minister said he would like to submit to Congress, in September, a proposal for creation of the regulatory organ for the sector, and also the regulations for prices and for the use of the infrastructure of the sector. This set of laws will constitute the new Brazilian Telecommunication Code. If approved in 1996, as the minister hopes they will, the government will start restructuring Telebras as of January 1997, dividing the enterprise into four or five enterprises, as has already been announced, and will then privatize them.

Motta added that his team has been working "for months" on the formulation of a proposal for creation of the regulatory organ which, according to him, must be fully independent, both financially and administratively. In the proposal, the directors of the organ — which will be christened Brazilian Communications Council — will perform their duties in five-year terms. They will be nominated by the President of the Republic, and will be designated by Congress. The government, however, has not yet decided on the legal status of the organ. "I am not very fond of the concept of self-managed yet subordinated agency, which is being discussed, although it might be the only legal possibility," the minister said.

During the briefing, Senator Esperidiao Amin raised objections to Motta as to the constitutional status of the decision to sponsor tenders for cellular phone services before creation of the regulatory organ. Under the law that is being debated, Congress will have six months

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to approve creation of the organ, and during this period, the regulatory functions will be performed by the Communications Ministry. Motta said that the ministry is already operating as a regulatory organ and that, consequently, it can continue to perform such duties until the new council is created.

Brazil: TV Cooperation Agreement Signed With Argentina

PY1007123996 Sao Paulo GAZETA MERCANTIL in Portuguese 3 Jul 96 p A4

[FBIS Summary] The article reports that the decision was reached in Buenos Aires on 23 June during the signing ceremony of a bilateral agreement for cooperation in the fields of radio, television, and news agencies. The agreement was signed by Brazilian Presidential Spokesman Sergio Amaral and Argentine Media Secretary Raul Delgado. It envisages a framework agreement for several projects that include the exchange of ATC and TV Educativa correspondents and of special programs on Mercosur. The subjects of those programs will be: culture, economy, tourism, environment, music, and other aspects of Mercosur life.

It adds: "The first product of the agreement is a bilingual program called 'Voice of the Mercosur' which is conducted by an Argentine journalist" and transmitted from Brasilia by Radiobras jointly with the TELAM news agency. It is transmitted daily via Radiosat, with an open signal for more than 400 radio stations.

The article states that "the television projects are more ambitious." Radiobras and TELAM correspondents will weekly transmit Mercosur news on the educational television channels. "As soon as the TV Educativa newscast is reorganized, Brazil will transmit news to U.S. and European networks," Amaral reported. He added that this will be done in cooperation with Argentina which already operates on Redesur that reaches Miami and the ECO system to Europe.

Brazil: Communism Seen Losing 'Last Battle' in Russia

PY1007142196 Rio de Janeiro JORNAL DO BRASIL in Portuguese 5 Jul 96 p 10

[Editorial: "The Last Battle"]

[FBIS Translated Text] Everything is fine whenever there is a happy ending. The West let out a sigh of relief when Yeltsin emerged as the winner in the Russian election, and Yeltsin was relieved when the polls showed he had a comfortable 13-percent lead over his communist rival. Yet, amid such a relaxed mood, two doubts continue to loom large over Russians and their allies: Yeltsin's health and the level of ambition of General Lebed, who was elevated to chief of the National Security Council during the transition period between the first round and the runoff election.

Quoting LE MONDE, following Yeltsin's victory, everything is possible, even the worst. The post-Yelstin era has definitely started, although its profile is unclear. Is Yeltsin still strong enough to implement his policy, to the point of designating a successor? Or will the members of the palace clique continue to strengthen their position to the detriment of a chief executive who has finally become another Brezhnev?

Judging by everything he said, and by the 15 percent he obtained during the first round, Gen. Lebed clearly portrays the profile of a providential man who could help Russia overcome the hiatus of anarchic despotism that followed the collapse of the totalitarian state. He is strongly inclined to uphold order. In remarks to DER SPIEGEL, Lebed described his concept of order: "Order to me means that people may build a fortune jointly with their country, not at its expense." Lebed frequently quotes Chile's Pinochet and China's Deng Xiaoping — thus making democrats tremble.

Due to a lack of democratic institutions, of a system to keep arbitrariness in check, and of an independent justice system, the order promised by Lebed is likely to develop into indiscriminate repression, police abuse against helpless citizens, and administrative measures devoid of social considerations. This approach was tried during the early 1980's, when Andropov and Gorbachev (before perestroika) believed the Soviets would go back to work if they were deprived of vodka and if the time they spend in lines and movie theaters were reduced.

Lebed used the expression "totalitarian modernization" — which is as bizarre as the "relative democracy" concept that prevailed in Brazil during the late 1970's — to fight corruption (which is similar to that in other East European countries), crime, and the decline of demographic and social conditions.

Yet, Russia has changed. The elections saw to it that an old page in Russian history was once and for all turned. Contrary to what happened in the dark, Czarist age — or under the chauvinist Stalinist regime — appeals to regressive beliefs today no longer have the same effect on educated citizens in urban areas, who have become familiar with the outside world either through foreign travel or television. Between an impossible order and an unlikely democracy — as Daniel Vernet said in LE MONDE — Yeltsinism still has glorious days ahead ...even without Yeltsin.

Now 20 years have elapsed since the implementation of economic reforms in China, 10 years since the first

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turnaround steps in Hungary and Poland, and five years since the dissolution of the USSR, the time has come to make an evaluation. Western economists have lauded the broad and quick changes implemented in the East, but are indignant over the growing corruption and social degradation. China had spectacular growth rates and elicited considerable interest from investors. Most East European countries are back on the right track in terms of growth and everything seems to indicate that Russia is prepared to follow suit. Yet, the transition has eroded the standard of living of low income groups in Poland, Hungary, Russia, and even in the former East Germany (despite the protection of the German mark).

As Daniel Tatu said, the people made a choice in the 3 July runoff election in Russia. The new Russia clashed with the old Russia, and democracy defeated the communist past that still permeates some situations. Yeltsin, a former communist, built his political career on the basis of the destruction of the soviet system. He focused his campaign on anticommunism. His victory is primarily attributed to this factor, and not to the performance of his administration. Yeltsin's contender, Zyuganov, represented the past. Zyuganov surrounded himself of the last officials of the Stalin-Brezhnev era, especially the plotters of the unsuccessful 1991 coup. Zyuganov appealed to the most regressive population groups; to poor farmers in the South, who are still attached to the Kolkhoz system, and to retired citizens who regard themselves as the main victims of the reforms.

Communism has lost its last battle in Russia. A hypothetical Zyuganov victory would have been merely an ideological reference devoid of meaning, and would have delayed and complicated the social revolution that is under way. Zyuganov's defeat is a good occasion for an aggiornamento of communism — the communists denied this possibility to Gorbachev from 1989 to 1991 — and so communists may once and for all break with the past and become a social democracy, as their East European comrades did. The time has come to consolidate democracy in Russia.

The remaining question now is which of the two Yeltsins was elected this time: the one who promoted the Chechnya war, who tolerated corruption, and who indulged in authoritarianism; or the early Yeltsin supported by the liberals who have returned to center stage after a long retreat.

Brazil: Roundup of Economic Reports Through 9 Jul

PY1007132096

[FBIS Report] The following is a compilation of reports on economic activities in Brazil monitored through 9 July.

FINANCIAL OPERATIONS

Mutual Funds Register High Profits — The net equity of mutual funds continues to grow. According to a preliminary study by the National Association of Investment Banks, ANBID, the volume of investments in funds in June amounted to 80.429 billion reais, R, with a nominal increase of 5.4 percent in comparison with May, and 129.05 percent in comparison with the beginning of the Real Plan. The number of funds is also increasing. In June 1995, before the Central Bank had totally reformulated the funds sector, there were 884 mutual funds operating on the market, by May they increased to 1,306. The funds are the favorite application of investors, no matter how large. With the June results, the investments in funds surpassed by 26.27 percent those made in savings accounts, which have shown repeated negative investment results, and they are coming close to those made on Bank Deposit Certificates, CDB, which accumulated R85.5 billion worth of applications a week ago, a good portion of which were made by the funds themselves. The attractive performance of mutual funds explains the increase in their net equity. Last month, for example, the real average profitability of the 60-day funds and assorted share funds varied from 0.93 percent to 4.26 percent, surpassing the earnings of the 30-day prefixed CDBs which is 0.72 percent, and of the savings accounts which is 0.09 percent, not to mention gold and dollar applications which yield negative real earnings. The funds only lost to the Rio de Janeiro and Sao Paulo stock exchanges, which repeatedly operated on a bull market, with the expectation of an acceleration of the privatization process. (Sao Paulo GAZETA MERCANTIL in Portuguese 2 Jul 96 pp a1, c3)

Foreign Investments Increase — A Central Bank, BC, study reveals that the considerable increase in direct investments in Brazil this year was mainly due to small companies that made small investments. Between January and May 1996, those investments increased by more than 200 percent in comparison with the same period last year. According to the BC, of the 1,246 companies that invested in Brazil between January and May 1996, 1,196 invested less than 10 billion reais, R. This represents a radical change in the profile of investments. Instead of large volumes from large companies, small companies are now making small investments in Brazil, and most of them are doing so for

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the first time. "This is happening because there is greater confidence in Brazil. Small investors began to realize that Brazil has a future," said BC Economic Department Chief Altamir Lopes. The BC reports that nearly 25 percent of all foreign investments come from the profits that foreign companies obtained in Brazil and decided to reinvest. (Rio de Janeiro JORNAL DO BRASIL in Portuguese 8 Jul 96)

Fiber Optics Factory to Open — Tectelecom Tecnica and Telecommunicacoes, Limited, which owns the Tecsat brand and is a market leader in radio and television signal transmission and reception equipment, will open a new industrial complex in September that will include three more factories: a fiber optics factory with a production capability of more than 350,000 km of fiber optics per year, and two new factories that will concentrate the electronic, mechanical, and engineering sectors of Tectelecom Aeroespacial, which is a recently constituted company thanks to the purchase of the main military projects of Tecnasa which closed down its plant in Sao Jose dos Campos. The new industrial complex is being built along the Dutra Highway between Rio and Sao Paulo, 500 meters from the main Tectelcom factory in Sao Jose dos Campos. The construction of the new factories will demand a $20 million investment. Tectelecom will also open a new $3 million factory in the Manaus Free Zone this month to produce circuit boards which are parts of other products manufactured by the company. Tectelecom also signed a contract with NET SAT cable television to produce and sell in Brazil a complete system for the reception of KU band television signals from Globosat by January 1997. (Sao Paulo GAZETA MERCANTIL in Portuguese 8 Jul 96 p c8)

French Industries Planning to Open in Brazil — The French group Sommer-Allibert is studying the possibility of opening of a new car part factory in Brazil. It is likewise studying possible partnerships, licensing, and joint ventures to produce and sell its plastic furniture products. The Sommer-Allibert group is included in a list of French companies that are on an advanced stage of studies to open car part factories in Brazil. The French embassy reports that the list also includes the Bertrau Faure car seat company, Saft, Thelma, Raymond, Labinal, Plastic Omnium, Sagem, Acome, and Westaflex companies. (Sao Paulo GAZETA MERCANTIL in Portuguese 8 Jul 96 p c5)

German Investments — According to a survey conducted by the Brazilian-German Chamber of Commerce, German companies based in Brazil plan to invest $1 billion, between 1996 and 2000, primarily in the auto, chemical, metalworking, mining, telecommunications, and electro-electronic areas. (Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 9 Jul 96)

FISCAL, MONETARY ISSUES

Federal Loans for States Increase — The government today authorized the Federal Savings Bank, CEF, to buy the Budget Revenue Advance, ARO, contracts of the states with private banks, thus transforming short term debts into long term debts. The measure, adopted through a National Monetary C[illegible]il, CMN, resolution, once again benefits the states w[illegible]inancial difficulties, within the framework of the Fina[illegible]ce Ministry adjustment program. The refinancing potential of that debt is R900 million which corresponds to the debt balance of the states' ARO operations in April. This new help for the states, which is being granted a few months before the municipal elections are held, could affect the National Treasury which guarantees the operations. Central Bank Public Debt Director Jairo da Cruz Ferreira, said that the deal is good for everyone, since the CEF will charge interest from the states without any risk, because the National Treasury will pay up if the states do not. "If the states do not pay, the installment is automatically discounted from the federal transference allocation to the states," Ferreira said. (Sao Paulo AGENCIA ESTADO in Portuguese 2109 GMT 8 Jul 96)

Bad Loans Increase — The difficult-to-collect credits of 162 commercial banks have multiplied by four between December 1993 and December 1995, reaching the amount of 21.45 percent of the net equity of banks. These alarming figures are included in a bank study of the 162 main Brazilian banks carried out by the Austin Asis consulting firm. The difficult-to-collect credits jumped from 5.29 of the bank's net equity in 1993 to 9.93 percent in December 1994, and to 21.45 percent in December 1995. Austin Asis explained that given that the Brazilian Central Bank demands a high percentage of legal bank reserves, there are less resources for loans, thus curtailing loans. (Sao Paulo FOLHA DE SAO PAULO in Portuguese 6 Jul 96 section 2 p1)

TRADE ISSUES

Mercosur, EU Customs Directors to Meet — The customs office directors of the member countries of the Common Market of the South, Mercosur, and of the EU, will hold their first meeting in Recife on 11 and 12 July. They will exchange information about their experiences in the formation of a common market. The meeting will be attended by government officials and business leaders of the Mercosur and EU member countries who will discuss the role of the customs offices in a customs union, the perspectives for 2000, and the European 40-year experience with a common market. (Sao Paulo

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AGENCIA ESTADO in Portuguese 2241 GMT 5 July 96)

Investigation of Dumping Practices Ordered — The Ministry of Industry and Commerce ordered the investigation of "dumping" practices by Venezuela and Cuba with portland cement exports to the states of Amazonas, Amapa, Roraima, and part of Para; by China, Hong Kong, India, Thailand, and Taiwan with bicycle tires; and the United Kingdom with sodium triphosphate. Brazilian producers requested the investigation and in the three cases the Industry Ministry detected evidence of "dumping" practices. The domestic price of portland cement in Cuba and Venezuela is $4.57 for every 50-kg bag while the same product is sold for $1.87 in the mentioned Brazilian states. (Sao Paulo GAZETA MERCANTIL in Portuguese 8 Jul 96 p a5)

Colombia

Colombia: Rodriguez Firms To Close Due To 'U.S. Pressure'

PA1007160996 Mexico City NOTIMEX in Spanish 0605 GMT 10 Jul 96

[FBIS Translated Text] Santa Fe de Bogota, 10 Jul (NOTIMEX) — The relatives of notorious drug traffickers Gilberto and Miguel Rodriguez Orejuela have announced that they will close down all of their enterprises and dismiss dozens of workers because of U.S. pressure.

Humberto Rodriguez, son of Gilberto Rodriguez, yesterday reported that their enterprises cannot continue to operate because Washington has forbidden multinational corporations from selling them raw materials, has frozen their bank accounts, and has taken other measures against them.

The measures affect pharmaceutical laboratories, commercial networks, and several industries that, according to the mafiosos' relatives, are legal and the source of jobs.

The announcement coincides with an order issued by the Prosecutor General's Office to seize all properties owned by the Cali cartel that have been acquired through illegal activities.

The announcement triggered about 150 Army and police raids on real estate reportedly owned by the Rodriguez Orejuela brothers in Santa Fe de Bogota, Cali, Medellin, Barranquilla, Villavicencio, Santa Marta, and San Andres Island in the Caribbean.

Prosecutor General's Office sources have said that the raids "are aimed at taking over control of properties acquired illegally through the trafficking of illegal drugs."

Regarding the closing down of the enterprises, Humberto Rodriguez told the local television newscast CM&: "The family has no other choice, because the U.S. pressure is reaching unexpected extremes. The largest international suppliers refuse to deal with us. The banks have closed down our accounts. It is impossible for us to pay our obligations. In other words, not only is the U.S. Government not satisfied with putting our fathers behind bars, but it is pressuring the family as well," he said.

The first enterprise closed down on Tuesday was Deposito Popular de Drogas, one of Cali's largest medicine wholesalers, whose 100 employees were laid off.

Amparo Rodriguez Orejuela, sister of the detained drug trafficking kingpins and manager of the enterprises that will close down, said the U.S. pressure is already reaching small companies that refuse to deal with the Orejuelas for fear of reprisals.

It has been announced that the next enterprises to close down will be Drogas La Rebaja, Drogas Condor, Laboratorios Bleimar, and some commercial networks that employ more than 1,000 people.

The Rodriguez Orejuela brothers are being held in a maximum security prison south of Santa Fe de Bogota and are awaiting trial on drug trafficking and illegal enrichment charges, as well as crimes derived from these illegal activities.

Gilberto Rodriguez Orejuela, known as "El Ajedrecista" [The Chess Player], was arrested on 9 June 1995. His brother Miguel, known as "El Senor" [The Master], was captured by the police in Cali two months later, on 6 August.

Colombia: Justice Minister on Meeting With U.S. Envoy

PA1007171296 Santa Fe de Bogota Radio Cadena Nacional in Spanish 1354 GMT 10 Jul 96

[Telephone interview with Justice Minister Carlos Medellin by news director Juan Gossain and an unidentified reporter in Santa Fe de Bogota — live]

[FBIS Translated Text] [Gossain] We have just reestablished communication with Justice Minister Carlos Medellin. Minister, we would like to know what prompted the mysterious and surprising meeting between you, the defense minister, the foreign relations Minister, and U.S. Ambassador to Colombia Myles Frechette last night?

[Medellin] I must tell you that this meeting was neither unexpected nor untimely. We might not have made

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a public announcement that we were going to meet yesterday, but we planned this meeting several days ago. Since there is a (?feeling) that things are not going well and that [words indistinct], but I assure you this is not true.

[Gossain] What topics did you discuss in this meeting with Frechette?

[Medellin] The purpose of this meeting [words indistinct], this is not the first meeting we hold, was to review issues of common interest such as our fight against drug trafficking, as well as issues included in the national antidrug plan approved by Colombia and [words indistinct]. Reviewing the National Antidrug Plan 1995-1996, we realized that 95 percent of [words indistinct] fall in line with the U.S. Government's concerns in the fight against drug trafficking. This is what we discussed.

[Gossain] What role does Ambassador Frechette play in this [word indistinct] in U.S.-Colombia relations, [words indistinct] the 20-point memorandum, the tone is a different one.

[Medellin] [passage indistinct] Ambassador Frechette did not write this memorandum. This memorandum is a package of points that falls within the framework of the U.S. Government's antidrug plan and was included in President Clinton's national antidrug plan many months ago. Half of the 20 points in this document are Colombian recommendations, which are part of our national antidrug plan. [passage indistinct] However, the presence of the ambassador is essential, because the United States is a friendly country, and he is the head of the diplomatic mission; thus all contacts should be made through him.

[Reporter] Regarding contacts, what, specifically, has changed? They are actually more cordial and Ambassador Frechette has asked to [words indistinct] with very prominent figures; you will be traveling. What, specifically, has changed?

[Medellin] This is a very good question. I do not want people to think that I am (word indistinct). However, in the most critical moments, when reporters were asking whether there was going to be a break in relations in a matter of hours... [pauses] in previous days, two or three days ago, I had contacted the Justice Department, the State Department, and the U.S. Embassy, and nothing transpired.

[Gossain] Was this contact always smooth and cordial?

[Medellin] I sensed the same cordial tone. [Words indistinct] in the United States with its electoral campaign and so on. However, we have always handled the topics of our discussions in a very positive manner, and this is our duty, regardless of whether or not we want to promote cooperation with the United States.

[Gossain] Minister, we are having communication problems again. How can a minister say that Colombia has cordial contacts with an ambassador who has asked his government to suspend the visa of your president?

[Medellin] Relations between (?countries) are characterized by a number of decrees, memoranda, and personal views that are never made public. Thus far, the document on [words indistinct] has never been published, and I have never seen an official opinion on it. I should tell you, however, that if some foreign officials were aware of some of our personal views [words indistinct]. There are many things people do not know and there are many things that are best kept that way. We should not confuse personal opinions with U.S. official policies.

[Gossain] Thank you very much.

Colombia: Trade Minister 'Confident' on No U.S. Sanctions

PA1007202696 Madrid EFE in Spanish 1653 GMT 10 Jul 96

[FBIS Translated Text] Cali (Colombia), 10 Jul (EFE) — Colombian Foreign Trade Minister Morris Harf Meyer today confirmed that he is confident the United States will not impose economic sanctions on his country. His confidence is based on President Ernesto Samper's belief that the U.S. Government has no justification for imposing sanctions.

A previous similar remark by the minister had been refuted by U.S. Ambassador Myles Frechette. On 5 July, Harf Meyer admitted the possibility of sanctions but now he has returned to his original position.

The U.S. Government, after decertifying Colombia on 1 March in disagreement with Samper's counterdrug actions, is considering the possibility of imposing economic sanctions on this country.

On Wednesday, the Colombian Government presented a report on the counterdrug effort of Operation "Conquista" and the "Condor Plan," with which the government says it has tripled the volume of confiscated drugs.

The government has doubled the number of illegal fields destroyed and increased by 2.5 times the amount of seized chemicals used to manufacture narcotics.

Minister Harf Meyer analyzed the commercial relations with the United States and predicted that "Colombian exports will increase between 18 and 20 percent during 1996."

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He said the position that Colombia has held before the United States has been that of "maintaining excellent commercial and economic relations, because both Colombia and the United States believe Colombia is a good business partner."

According to Harf, hydrocarbons will remain the sector with the biggest demand in the U.S. market. This year, it will bring in approximately $2.6 billion, followed by coffee, textiles, and other non-traditional products.

Colombia: Authorities Seize Drug Cartel Assets in Cali

PA1007203896 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 10 Jul 96

[Report by Ana Lucia Betancur from Cali; from the "National Newscast"; monitored from live relay by Lima Sistema Unido de Retransmision Television]

[FBIS Translated Text] Operations against cartel companies and assets are under way in Cali. Today, it was learned that the authorities have their eyes set on assets valued at $150 million. We witnessed one of these operations.

Today, efforts to confiscate and seize real estate properties owned by brothers Miguel and Gilberto Rodriguez Orejuela are still under way in Cali. This operation is being implemented by the Search Bloc, a group of the Colombian Armed Forces, along with the Cali Prosecutor General's Office, and will last until approximately 100 real estate properties of the Rodriguez Orejuela brothers come under government control. The said assets include houses, office buildings, parking lots, garages and vehicles valued at over 150 billion pesos. According to information provided by the Regional Prosecutor General's Office, all confiscated assets will be placed under the management of the National Drug Directorate.

Colombia: New Foreign Minister Views Ties With U.S.

PA1107014696 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 11 Jul 96

[From the "24 Hours Newscast"; monitored from live relay by Lima Sistema Unido de Retransmision Television]

[FBIS Translated Text] [Station announcer] Starting today, there are four women in the cabinet of President Ernesto Samper Pizano. Education Minister Maria Emma Mejia de Caballero was appointed foreign minister, replacing Rodrigo Pardo, and former Governor Olga Duque de Ospina is the new education minister. The other two women are Cecilia Lopez at the Agriculture Ministry and Maria Teresa Forero de Saade as health minister.

[Begin recording] [Reporter Raul Gutierrez] Carlos Castillo, presidential adviser for social affairs, also made his debut as special spokesman by announcing the appointment of Maria Emma Mejia as the new foreign minister, replacing Rodrigo Pardo, who had held that post since August 1994.

[Castillo] Foreign Minister Pardo departs with the best titles.

[Gutierrez] The appointment of conservative Olga Duque de Ospina raises to four the number of women in Samper's cabinet. The agriculture and public health ministers were already serving in those posts. A controversy will ensue, because the Conservative National Directorate does not recognize the party representatives in the current administration. Maria Emma Mejia's appointment had been already announced.

A new law is likely to be submitted. Will you allow that or not, because national reconciliation concerns now move you to another ministry?

[Mejia] I am confident that on 20 July I will be able to be here again, so we can resume a task of the utmost importance for Colombia. [end recording]

[Station announcer] Maria Emma Mejia, 43, Liberal, served as Colombian ambassador to Spain and is the second woman to hold that post after Noemi Sanin.

[Begin recording] [Gutierrez] The new foreign minister will be sworn in next week. Why did you accept?

[Mejia] Considering President Samper's offer and the need of Colombia for us all to strive to restore confidence abroad, it was up to me to continue that challenge.

[Gutierrez] How are you going to straighten out relations with the United States?

[Mejia] I think work has been conducted. I know this is not easy. I know we are going through a delicate and difficult moment, but I am confident that the visit by the defense and justice ministers, as well as efforts to restore mutual respect and relations based on the confidence we have had in each other for such a long time will help us. I hope so.

[Gutierrez] What do you think of the people who exalt your beauty before your intelligence?

[Mejia] Beauty helps some, but you have to go beyond it soon and show there is something to back it up. [end recording]

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Colombia: New Foreign, Education Ministers Announced

PAI007211396 Santa Fe de Bogota Radio Cadena Nacional in Spanish 2026 GMT 10 Jul 96

[Report by Luis Eduardo Maldonado]

[FBIS Translated Text] Two new ministers in President Ernesto Samper Pizano's cabinet will be sworn in next week in a special ceremony at the Narino Palace. Maria Emma Mejia Velez has been appointed foreign minister effective today. Mejia Velez, who was education minister, will be replaced by conservative leader Olga Duque de Ospina.

The new education minister has a broad curriculum vitae. She worked in the Conservative Directorate in Santa Fe de Bogota in 1970; she was a member of Congress; governor of Huila Department from 1974 to 1975; Colombian ambassador to the United Nations; and director and assistant director of the newspaper DIARIO DEL HUILA. She has also taught constitutional law at the Santo Tomas University.

[Madrid EFE in Spanish at 2019 GMT on 10 July carries a 100-word item reporting the cabinet changes, and adding that "the Presidency of the Republic has denied that current Finance Minister Jose Antonio Ocampo has resigned."]

Colombia: Samper on Border, Drugs, Extradition

PAI107030796 Caracas EL NACIONAL in Spanish 6 Jul 96 p 2A

[Interview with President Ernesto Samper Pizano by EL NACIONAL special envoy Patricia Spadaro in Santa Fe de Bogota; date not given]

[FBIS Translated Text] Santa Fe de Bogota — His daily life during the past two years in office at the Narino Palace has been marked by the crisis. The charges of having financed his campaign with drug money have brought him against nearly every sector in this country. With the exception of a few brief respites, he has been forced to rule amid threats, claims, and demands. Despite all of this, he is still in office and he asserts that he will continue ruling until 7 August 1998 when his presidential term concludes. His resistance to face the blows that come from every corner has earned him the nickname of "antiearthquake president."

Few things seem to pull the rug underneath Colombian President Ernesto Samper, who sails amid turbulent politics as if they were calm sea. The president is still afloat with a peculiar sense of humor, which both friends and enemies believe constitutes the shield that has allowed him to stay on his feet at the presidency.

Since the congressional decision acquitting him of charges for the narcoscandal was disclosed, the Colombian president has embarked in an information "attack" in order to explain to the world his version of this crude story. The meeting with EL NACIONAL took place aboard the presidential BMW on the way between the Narino Palace and downtown, where the president had to be at 1800 to inaugurate the International Fair of Santa Fe de Bogota.

[Samper] Go ahead.

[Spadaro] Mr. President, let us talk about your domestic and bilateral agendas.

[Samper] Let us start with our relations with Venezuela.

[Spadaro] Drug trafficking is a problem that our country is concerned about. The attack against the Cali Cartel has forced the drug mafias to withdraw to other places, one of which seems to be the Colombian-Venezuelan border. There are reports stating that the narcoguerrilla is penetrating into this region and even that raw resources are being exported from Venezuela to Colombia to prepare cocaine...

[Samper] First of all, no country in the world can claim that it may not be polluted by the drug trafficking scourge. Every country faces the risk that somehow this problem might trespass its borders. For this reason, we have said drug trafficking is the most serious transnational crime that is currently affecting our countries. Second, it is absolutely likely that these cartels have extended their scope of operations to neighboring countries. I do not reject the possibility that this might be happening.

[Spadaro] Do you have specific reports in this regard?

[Samper] No. I do not have specific reports. However, there have been obvious cases involving drug traffickers, including Venezuelans like Larry Tovar, that indicate that to some degree there might be connections or networks between drug cartels in Colombia, and some of their allies in Venezuela. Therefore, we should keep our eyes open.

[Spadaro] There is a slight fear that border integration, which has been established at the commercial and economic levels, might extend also to drug trafficking and the guerrilla, producing, therefore, a "narcointegration." In view of the fact that the border region has been abandoned, in whose hands is this region?

[Samper] It is important to understand that just as being neighbors facilitates commercial and investment integration as well as development on the border, it is likely that the same problems will finally integrate. In fact,

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it is important for Venezuela and Colombia to understand that these are common enemies for both countries and not, as it has been pointed out on some occasions, that the Colombian Government is responsible for the problems related to the violent situation prevailing in Colombia, such as drug trafficking or subversion. Our government is interested in fighting these problems just as any other government is.

[Spadaro] The Venezuelan authorities insist on the need to enforce the hot pursuit measure. Would you categorically reject this possibility?

[Samper] I absolutely reject this possibility because it would constitute a flagrant violation not only of the Colombian Constitution, but also of the international principles that rule over relations between neighboring countries.

Relations at Rest

[Spadaro] There is a perception that the domestic crisis that has kept you busy lately is reflected in a drop in bilateral relations. On four consecutive times, at Colombia's request, bilateral summits between the ministers of defense and foreign relations were suspended. What is your reply to those who contend that your government is no longer a valid interlocutor for Venezuela?

[Samper] That view is totally mistaken because President Caldera has also been rather busy with his topics. Bilateral relations are like keeping a flower: constant watering is required to keep it alive. I think both countries — regardless of the reason — have certain blame for not watering the flower of integration.

[Spadaro] What corrective measures do you plan to take?

[Samper] We have been analyzing certain measures to reactivate the topic with Venezuela at the last meeting of the Foreign Relations Advisory Commission. The ministers of foreign trade were in Caracas this week. It is worth noting that the border problem cannot be reduced to a problem of public order because the relations also comprise trade and investment. Anyway, I have the firmest decision to reactivate the process of bilateral understanding. To this end, I expect to meet soon with President Caldera on the Colombia-Venezuelan border.

[Spadaro] Has a date been set?

[Samper] Not yet. There is an invitation that I sent through our ambassador for us to meet shortly in Arauca, which is one of our border's most symbolic areas.

[Spadaro] Could it be this month?

[Samper] Whenever President Caldera wants I am willing to meet with him and hold talks.

[Spadaro] When was the last time you talked with President Caldera?

[Samper] Not very long ago. Some weeks ago.

[Spadaro] How would you describe the attitude assumed by the Venezuelan Government regarding the political crisis you and your government are facing?

[Samper] I believe it has been very respectful as expected from a friendly country that respects the democratic system of its allies, and the decisions adopted within the framework of due respect for the state of law.

[Spadaro] How did you receive the call from former Venezuelan President Carlos Andres Perez to resign your post?

[Samper] The truth is that, despite the friendly relation that exists between us, I do not think that President Carlos Andres Perez has any authority to make that totally unfriendly request. I do not want to interpret it as a personal enmity, which of course does not exist between us, but as lack of adequate information about the entire crisis we have lived in Colombia.

[Spadaro] Have you felt Latin American solidarity in your case?

[Samper] People have shown great solidarity and have been very interested in the solution of the case. Many Latin American colleagues know in the bottom of their hearts that any country could face the same situation as Colombia. A similar case has just emerged in Panama, and others have been discovered even in the United States, where presumed drug trafficking links with political campaigns have been reported.

No to Extradition

[Spadaro] You have said that the subject of extradition is not in your government's agenda. This week, however, several sectors have proposed reopening the debates on the subject including Prosecutor General Alfonso Valdivieso, who until recently ruled out that possibility, and the president of the Congress of the Republic, who has said that the matter should be subject to a referendum. Do you still insist in keeping this problem outside your agenda or would you be willing to reconsider that possibility?

[Samper] Let's see. It is not in the government's agenda because the government feels that the struggle against drug trafficking at this point should be directed toward more severe punishment, better supervision in jails, and

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detecting drug traffickers' assets. That is where we want to concentrate our efforts in the next few years. The other would only create unnecessary noise and would only lead to a measure that would take more than two years to be implemented. In the meantime, I cannot imagine what we would do. Give drug traffickers a vacation or what?

No Need for a Visa To Govern

[Spadaro] During the past week the confrontation between the U.S. and Colombian Governments has worsened. Everything seems to indicate that there will be economic and commercial sanctions. How will you face those measures should they be implemented?

[Samper] First of all, I see this as a remote possibility, because I believe that the U.S. Government must have taken into consideration that commercial sanctions against Colombia would only benefit drug traffickers. The sanctions would affect the land used to grow coffee, banana, and flowers, which would be replaced by coca plants. In other words, it would be a mistake, from the standpoint that we are all interested in overcoming the drug trafficking problem once and for all.

[Spadaro] The United States, however, has used a harsh language and has even said that Washington is considering the possibility of withdrawing your visa. Could this lead to breaking relations?

[Samper] That does not disturb my sleep, because there is no article in the Colombian Constitution saying that the president needs a visa from a foreign country to govern.

[Spadaro] That country, however, is your main commercial partner.

[Samper] In that case, I do not expect them to withdraw the visas from the flowers, coffee, or oil.

[Spadaro] Ambassador Myles Frechette said last Tuesday that the U.S. Government is not trying to topple you. What do you think?

Samper smiles and replies with his usual good sense of humor.

[Samper] Oh, that is reassuring. I am pleased to know that they do not want to topple me. They would not be able to do it anyway.

Marital Crisis

Vice President Humberto de la Calle had kept a low profile until this week. Nevertheless, he seems to have opened another front against the president by asking him to assume his political responsibility in the narcoscandal case.

[Spadaro] Does the vice president's attitude represent a heavy blow against what you have termed an indissoluble marriage?

[Samper] No, quite the contrary, because he also made judgments that I consider very favorable, regarding solidarity with the government, and I think that is the important thing. He obviously comprised a ticket with me, and though that ticket makes us somewhat different, we agree on the basic issues.

[Spadaro] Do you deny there is a confrontation with your vice president?

[Samper] There is not. Quite the contrary, the meeting we held (on Wednesday evening) was very cordial.

[Spadaro] And it is not true that De la Calle tendered his resignation to the post of ambassador to Spain?

[Samper] No, it is not true. It is not true. But, obviously, he said his resignation was always available, and I asked him to continue at the embassy.

[Spadaro] Why has not Colombia denounced the extradition treaty signed between the two countries in 1979?

[Samper] I have asked myself the same question many times.

[Spadaro] Who would have to adopt the decision?

[Samper] The previous government should have done it, but maybe it was not done to avoid giving the impression at international level that it was somehow weakening an instrument in the struggle against drug trafficking. The discussion on this topic is quite simple. The extradition is impossible right now simply because it is forbidden by the Constitution.

[Spadaro] Would not you be willing to call for a referendum on this topic?

[Samper] I have said that I am not against reopening a debate because, as you have said, the prosecutor general has changed his mind in a few months; and surely there are other persons who have done the same.

[Spadaro] Three possible scenarios have been periodically mentioned during the political crisis: A coup d'etat, a U.S. invasion, or a commando operation to get drug traffickers out of the country, and social chaos. What are your thoughts on these three hypotheses?

[Samper] I believe this is part of the general hysteria that has somehow seized the media as a result of the whole process. But, the truth is that Colombia is currently prepared to counter drug trafficking and punish drug traffickers; and, of course, we only see the invasion issue in the movies.

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[Spadaro] Do you rule this out completely?

[Samper] Of course.

[Spadaro] And what do you say about the indications made this week, that drug traffickers continue to rule and commit crimes while in prison?

[Samper] This is something that must be proved with evidence. The government has no evidence that this is taking place but the necessary measures would obviously be adopted to prevent this if it were detected.

[Spadaro] Have you ordered an investigation in this concern?

[Samper] What we have are simple statements to the media and it is difficult to handle a criminal policy, like the drug trafficking policy, with references only.

[Spadaro] Following your acquittal by Congress, which of the groups in your country that you called for the creation of a cabinet of national reconciliation have gone to Narino Palace and said: We want to rule with you?

[Samper] Many businessmen and many spokesmen of the so-called judicial branch, among other sectors.

Samper ends the dialogue by warning "we have arrived, I must get off here;" and he gets off the black BMW to mingle with the people who stand at the entrance of the business fair facilities.

Colombia: Samper Briefs Envoys on Fight Against Drugs

PA1107002596 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 9 Jul 96

[From the "National Newscast"]

[FBIS Translated Text] [Announcer Yolanda Ruiz] President Ernesto Samper, several of his ministers, and military leaders today briefed some European Union and Latin American ambassadors on the results of the fight against drug trafficking during the first half of the year. They are good results. Fernando Ramos has the details live from Narino Palace:

[Ramos] President Samper told the ambassadors that his government does not accept any type of pressure regarding the fight against drug trafficking, adding that the only pressure it accepts stems from his government's conviction that it must do away with illegal drugs. In this regard, he reported good results on Operations Condor and Conquest, with which more than 26,000 hectares of coca are expected to be eradicated. This would represent losses of approximately $400 million for drug traffickers. This program would eradicate, according to the president, approximately 15 percent of all the coca grown in the world.

Finally, I tell you that, at the end of this public event President Samper attended today, he refused to make any reference to what has become today's news: former Minister Fernando Botero's statements on the authenticity of the picture in which Samper appears standing next to Elizabeth Montoya de Sarria and two other alleged drug traffickers.

This is all the information we have from Narino Palace.

Colombia: Samper Assesses Results of Antidrug Fight

PA1107002696 Santa Fe de Bogota Radio Cadena Nacional in Spanish 1725 GMT 9 Jul 96

[Report by Luis Eduardo Maldonado from Narino Palace]

[FBIS Translated Text] The president has said that, during the first half of the year, the national government has invested 19.5 billion pesos in Operations Conquest and Condor, which are part of the fight against drug trafficking. He reported the results of this fight to ambassadors from the European Community and Latin America. He severely warned the international community that his administration will not allow foreign pressure on his fight against this scourge.

[Begin Samper recording, in progress] ...an operation, the cost of which signified losses of approximately $400 million for drug traffickers. Operation Conquest is the most significant antidrug operation in the world; it seeks the destruction of more than 27,000 hectares of coca, which represent 70 percent of all the coca grown in Colombia and approximately 15 percent of all the coca grown in the world.

For the first time, all military forces have come together to carry out an antidrug operation in Guaviare Department, where approximately 70 percent of Colombia's illegal plantations are located. Approximately 3,000 members of the Army, Navy, the Air Foce, and the National Police are participating in the operation. Our goal is to start carrying out a number of massive operations to wipe out drug trafficking in such strategic areas as this one.

As we will see, this operation combines such vital elements as intelligence, communications, and our ability to respond. With Operations Condor and Conquest, we have been moving forward with the consolidation of the Plante Program. The word plante comes from the word drug traffickers used to call coca growers [words indistinct] seeds, credits, and even food support for them to dare to carry out these illicit activities.

The government is now offering these peasants a general plan consisting of credits from the Agrarian Fund,

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purchasing their products by the IDEMA [Agricultural-Livestock Marketing Institute], and social subsidies by the Solidarity Network in order for them to free themselves once and for all from their economic dependence on drugs. The aid the countries you represent give us to support these efforts we are making by ourselves, in many cases... [item ends abruptly]. [end recording]

Ecuador

Ecuador: Fujimori, Castro Invited To Bucaram Inauguration

PY1107021696 Quito Voz de Los Andes in Spanish 2300 GMT 10 Jul 96

[FBIS Translated Text] Presidents from several Latin American countries will be invited to attend the inauguration of virtual Ecuadoran President-elect Abdala Bucaram. Ecuadoran Roldosist Party Deputy Fernando Rosero has said that from what we already know, Argentine President Carlos Menem has expressed his desire to come to Ecuador on 10 August.

In addition to Menem, invitations have also been extended to the presidents of Cuba, Argentina, Peru, Chile, Bolivia, Colombia, and Venezuela, as well as to the King of Spain Juan Carlos de Borbon, and to the presidents of Italy and France.

Rosero is member of the commission in charge of organizing Bucaram's inauguration ceremony. He said that on Wednesday, 10 July, he held a meeting with Ecuadoran Foreign Minister Galo Leoro Franco.

The foreign minister has termed positive the decision of Ecuadoran President-elect Abdala Bucaram to invite Peruvian President Alberto Fujimori to attend the inauguration ceremony on 10 August. Bucaram's decision is a positive step which will help in taking a forward step toward developing the peace process in which Peru and Ecuador are engaged, Leoro said.

We must now wait for Fujimori's answer, because this is another favorable element to continue with the peace process and to create a climate of cordial and good relations between the two countries, the Ecuadoran foreign minister said.

Ecuador: Castro May Attend Bucaram's Inauguration

PY1007184396 Quito Voz de Los Andes in Spanish 1700 GMT 10 Jul 96

[FBIS Translated Text] Cuban Ambassador in Quito Rene Castro has said Cuban President Fidel Castro hopes to be invited to President-elect Abdala Bucaram's inauguration on 10 August.

Rene Castro said Fidel Castro will attend the inauguration if the Ecuadoran president-elect invites him, adding that his presence in Ecuador will be a meaningful contribution to the strengthening of bilateral ties.

After stating that Cuba has maintained cordial ties with all Ecuadoran governments, Ambassador Rene Castro said Fidel Castro had no preference on the winner of the Ecuadoran elections, either Bucaram or his opponent, Social Christian Party candidate Jaime Nebot.

Ecuador: Moncayo Endorses Plan To Keep Leoro in Cabinet

PY1007192296 Quito Voz de Los Andes in Spanish 1700 GMT 10 Jul 96

[FBIS Translated Text] Ecuadoran Army Commander Paco Moncayo has said that President-elect Abdala Bucaram's decision to keep current Foreign Minister Galo Leoro in the next administration will prevent Peru from making pretexts to interrupt the peace negotiations.

Moncayo said: Keeping Leoro in the cabinet would give continuity to the peace negotiations. In addition, it would mean having an experienced negotiator in our negotiations with Peru. In view of this, Lima will be unable to use this as an excuse to delay in line with its interests the peace negotiations process.

In so doing, Paco Moncayo endorsed President-elect Abdala Bucaram's decision. During the presidential campaign Abdala Bucaram said that he would request Galo Leoro to continue in the Foreign Ministry so as not to delay the peace negotiations with Peru.

Moncayo also urged Ecuadorans not to be fearful of the new administration. He warned that although the next administration will meet the people's expectations, the latter should not expect any miracles or an immediate solution to their problems.

Commenting on the peace process, Moncayo said public opinion should not expect any spectacular results but gradual and firm steps that will lead to gradual progress regarding the territorial issue.

Moncayo also downplayed that the withdrawal of U.S. support troops on the Ecuadoran-Peruvian border will have an impact on the peace process. He said: Logistics support is something completely secondary within the framework of the activities conducted by the Ecuador-Peru Military Observers Mission, MOMEP. If the United States is unable to grant this logistic support, then we can resort to Argentina, Brazil or Chile.

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Ecuador: Bucaram Moves Toward Forming 'National Coalition'

PY1107021296 Madrid EFE in Spanish 1953 GMT 9 Jul 96

[FBIS Translated Text] Quito, 9 Jul (EFE) — Ecuadoran President-elect Abdala Bucaram today met with aides and political leaders to organize a government of national coalition he promised during his electoral campaign.

Bucaram met in Quito with representatives of his party, the Ecuadoran Roldosist Party (PRE), of central left organizations, and of the Pachakutik Indigenous Movement, most of whom supported him during the runoff of presidential elections which ended with his victory on 7 July.

PRE member Jorge Bustamante has told EFE that at the meeting they discussed "matters related to the coalition the president-elect offered during his campaign and which he reaffirmed upon learning the results of the elections."

The country's current political situation was analyzed from "different points of view" and the names of possible candidates to make up the new cabinet were also studied. The new administration will assume on 10 August.

In addition to representatives from several political organizations, present at the meeting also was the future first Ecuadoran Vice President Rosalia Arteaga, who have agreed with Bucaram that her main area of action within the government will be the social area.

Matters related to social proposals of the new government were equally discussed by the participants, although the priority of discussions were the political guidelines and the coalition with the other parties, Bustamante said.

Bucaram will have to decide not only the organization of a coalition government, but he will also have to reach congressional agreements that will help govern the country, because the PRE only has 19 of the 82 deputies that comprise the unicameral Congress.

Independent Deputy Luis Almeida, who supported Bucaram, today ruled out the possibility that the PRE is "worried" about the Social Christian Party's (PSC), of the defeated presidential candidate Jaime Nebot, refusal to talk, and termed "positive" the opposition "because that is democracy."

Nebot's campaign chief Heinz Moeller told EFE that "they are not interested" in talking with Bucaram, while Social Christian Deputy Rafael Cuesta announced a "strong opposition" to the executive branch in Congress.

Bucaram, who today will meet with outgoing President Sixto Duran- Ballen, warned that he will control the loyal fulfillment of tax payments by the businessmen.

"I will discuss with Duran-Ballen the issue of customs mafias. I am going to eliminate them, because the solution to state deficit is found there," the president-elect said today.

Bucaram, who had announced a head-on fight against oligarchy, said: "I will control the customs offices. The businessmen who do not pay their taxes will go to jail. I intend to change this country once and for all. There is no other alternative."

Pachakutic Movement Deputy-elect Napoleon Saltos said that the new government will strongly defend the strategic areas of the economy and will seek reforms of the financial sector with the implementation of an antimonopolistic law.

Sources of the indigenous communities have reported that they will put pressure on the executive branch to achieve a greater popular participation in Bucaram's administration.

With a speed which has surprised many, Bucaram not only has organized a commission to analyze the country's economic situation and to meet with the political leaders, but has also announced the name of one of his future ministers.

He is Victor Hugo Sicouret, who will be the new Urban Development and Housing minister and who hastily said that he will focus his actions on trying to attain for most Ecuadoreans a house to live through 75 percent of state subsidies.

In fact, this morning EFE verified the presence of long lines of PRE members in front of the party headquarters in Guayaquil to consolidate the electoral promises on popular houses.

Ecuador: Bucaram Warns Against Dividing Nation Like 'Cake'

PY1107024096 Madrid EFE in Spanish 2348 GMT 10 Jul 96

[FBIS Translated Text] Quito, 10 Jul (EFE) — Ecuadoran President-elect Abdala Bucaram today criticized the political parties and the politicians who believe that the country is "a cake" that must be distributed, and warned that he will not allow these things to happen because he intends to conduct an open administration."

Bucaram said: "I want to tell the Ecuadoran people and politicians that I am handling the situation personally and please do not be impressed because the situation

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today is that there are 400 parties and 500,000 politicians who have been with Bucaram and who believe that the country is a cake."

He also blamed some sectors of his party, the Ecuadoran Roldosist Party (PRE), of "making offers and of believing that the country is a store whose goods must be distributed, and they are absolutely mistaken," he said.

"I have a great concern and a great responsibility with my country, and I want to administrate it in the most efficient manner, and if certain people who have been fighting with me believe that they can have some decisionmaking powers, they are totally mistaken," Bucaram said during a visit to provinces to thank for his election.

He reminded "the people" that he is trying to make up a government of coalition "with absolute seriousness."

He also reported that some state companies "are desperately trying to sign a number of contracts, including concessions to build highways" and "are desperately seeking to obtain the last big piece of the cake," among which he cited the Ecuadoran Institute of Electrification (Inecel) and the Ecuadoran State Petroleum Enterprise.

He said that in his government "this type of contracts will be well implemented" and that he will not accept those that are made now without the necessary transactions "because there is a president-elect who represents the people's will and we want things to be done with absolute openness."

Populist Abdala Bucaram was the winner of the elections held on 7 July in Ecuador, according to unofficial results, and he will assume power on 10 August when he will succeed outgoing President Sixto Duran-Ballen.

Ecuador: Bucaram Discusses Cabinet, Government Program

PY1007160596 Madrid EFE in Spanish 0157 GMT 8 Jul 96

[FBIS Translated Text] Quito, 8 Jul (EFE) — Ecuadoran President-elect Abadla Bucaram met today for the first time with his closest aides to discuss the drafting of his government program and cabinet appointments.

Bucaram told the press that the main subject discussed during the one-hour meeting this morning at the Filanbanco headquarters in Guayaquil was the appointment of the cabinet economic team which will be installed on 10 August.

After meeting with Vice President-elect Rosalia Arteaga and Filanbanco Manager Roberto Isaias, Bucaram said: "We are striving to structure a progressive team that will uphold social policies."

Bucaram, 44, who according to unofficial reports obtained 54.3 percent in the presidential elections on 7 July, said the cabinet economic team "must uphold the next government's ideology."

When the unofficial vote results became known, the leader of the Ecuadoran Roldosist Party (PRE) reasserted his intention to achieve a national consensus government, mainly comprising those political groups that supported him during the runoff elections.

In view of the weak support the PRE obtained in the 19 May legislative elections, with only 19 of the 82 deputies who comprise the Ecuadoran unicameral Congress, Bucaram was compelled to seek alliances to allow him to govern the country.

Regarding the future cabinet, the president-elect said: "Right now, names are not as important as the achievement of consensus among all those involved: Thank God, they have all made such a commitment."

Bucaram added that consensus among people upholding different ideologies "is possible whenever there is a president who exercises his leadership and a presidential team (president-vice president) who are concerned about the country."

After describing his meeting with Isaias and Arteaga as "very positive," Bucaram said the financial market "is calm" and that "businessmen will be able to work and the poor will be able to eat."

Bucaram confirmed to EFE that on 9 July he will travel to Quito to meet with Frank Vargas, leader of the Ecuadoran Revolutionary Popular Action (APRE, of the center left); and with the leader of the Alfarist Radical Front (FRA, populist). They supported him in the runoff elections and will be members of the cabinet political team.

The victory of the populist Bucaram, who during his campaign promised to combat the oligarchy that has impoverished the country, has spurred the distrust of business groups. Nevertheless, he does enjoy the support of some of them, such as that of Isaias, Filanbanco's main stockholder and owner of several media stations.

The local press believes Roberto Isaias is the future president of the Monetary Board; while Alvaro Noboa, chairman of the powerful Noboa Group and member of the Banco del Litoral board, may be the next finance minister.

Other names being mentioned as possible members of Bucaram's economic team are Alfredo Adoum, who heads 37 companies in Ecuador; and Santiago Perez — consultant for the Inter-American Development Bank

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(IDB), the World Bank, and ECLA — who worked for the Fidel Castro and Salvador Allende administrations.

Ecuador: Economic Team Foresees No Changes in Guidelines

PY1007165296 Madrid EFE in Spanish 2331 GMT 8 Jul 96

[FBIS Translated Text] Guayaquil, Ecuador, 8 Jul (EFE) — A team of two bankers and one exporter today started to draft the economic program to be implemented by the government of populist Abdala Bucaram, who won the 7 July elections and who will be installed on 10 August.

Bucaram entrusted this team with making a study of the economic situation and designing the next government's economic program upholding "strict fiscal discipline."

Furthermore, he asked his three aides to propose names for the government's economic team and to establish clear rules to promote foreign and national investments.

Bucaram's economic threesome comprises Roberto Isaias, the manager of Filanbanco, one of the largest and most solid Ecuadoran banks; David Goldbaum, chairman of the Banco Territorial board; and Alvaro Noboa, chairman of the Noboa Group, one of the largest Ecuadoran exporting firms.

During a news conference Goldbaum said: "There is no need to make drastic changes in the government's macroeconomic program. Although this does not mean we will observe all current guidelines, to some extent we will implement the same economic guidelines established by the current administration headed by conservative Sixto Duran-Ballen."

Goldbaum added: "The plan calls for strict fiscal discipline within the framework of free competition." He justified the haste in making these announcements because we need "to bring calm to the country and to foreign investors."

Isaias, whom the local press considers the next president of the Monetary Board which handles national macroeconomic guidelines, said the economic team will meet this week with representatives of foreign investors. Next week Goldbaum will meet in New York with a group of investors.

Noboa has not yet been confirmed but who might be a member of the economic team of the Bucaram administration which will govern until the year 2000. He said: "No medium or short-term measures will result in a sharp increase in the dollar rate because we have the support of the private banking sector."

Isaias also said that for the time being there is no uncertainty about the country's economic future although several bankers and industrialists are fearful of the Bucaram administration because of its populist leanings.

Paraguay

Paraguay: Senator Urges Restricted Ties With Cuba

PY1007125696 Asuncion NOTICIAS in Spanish 8 Jul 96 p 6

[FBIS Translated Text] Alluding to reports that the government will resume diplomatic ties with Cuba, [PLRA — Authentic Radical Liberal Party] Senator Armando Espinola emphasized: "I believe diplomatic ties with Cuba should be resumed, but under strict conditions."

The congressman notes that, in one way or another, Paraguay must always firmly support the democratization process in Cuba, imposing sanctions that will force Castro's government to reassess its political system.

Espinola emphasized: "Some points — like the observance of human rights and public freedom, as well as drug trafficking issues — can no longer be described as domestic issues, as they represent an outrage on the entire humanity. The unrelenting human rights violations by Fidel Castro's regime do not represent an outrage on the Cuban nation alone."

Concerning the U.S. trade sanctions on Cuba through the "Liberty Act" law — also known as the Helms-Burton law — the congressman emphasized that this law should be enforced against countries that violate human rights. In the case of Cuba, it involves enhanced economic sanctions.

Senator Espinola added: "This law clearly rejects the brutal methods used by the current regime on that island."

The PLRA senator emphasized that in Cuba there is no freedom of expression, press freedom, freedom to assemble, or respect for basic legal guarantees to defend the people. It is known that political prisoners on that island have been held for the longest periods of time in our hemisphere and in the world.

The congressman pointed out: "Cuba does not have any idea of democracy. It is a single party regime in which there are no elections or any possibility of holding elections. It is a regime that has violated every concept of respect for human dignity. We must constantly censure the Cuban regime."

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Paraguay: Military Heads on 'Tranquility' in Armed Forces

PY1107005796 Asuncion ABC COLOR in Spanish 10 Jul 96 p 2

[FBIS Translated Text] The military top brass is closely monitoring the current activities in various units. Military sources have pointed out that "sufficient tranquility prevails" and "there are no reasons for concern." The possibility of Vice President Angel Roberto Seifart visiting the Office of the Commander in Chief this morning has not been ruled out, as President Wasmosy now is on an official mission in the Republic of Korea.

On Wednesdays, the commander in chief discharges his duties at his office on Eligio Ayala Street, between General Santos Avenue and Vice Presidente Sanchez Street. Before leaving for Asia, the president called his commanders to a meeting in which he asked them to remain alert during his absence. On that ocassion, the commanders pledged their absolute loyalty, and promised him that, if required, they would enforce respect for the institutional system of our Republic.

It was reported that the president is making frequent telephone calls to the military commanders to keep them abreast of the development of military activities.

General Jose Felicisimo Segovia Boltes remains confined in the Presidential Guard [Regiment], in keeping with a disciplinary arrest ordered by Wasmosy. The president made this decision because Segovia Boltes filed a misdemeanor suit against Seifart, without his consent.

Paraguay: Cuban Vice Minister on Ties, U.S. Interference

PY1107025396 Asuncion ULTIMA HORA in Spanish 9 Jul 96 p 32

[Interview with Cuban Foreign Investments Vice Minister Raul Taladrid by unidentified reporter in Asuncion; date not given]

[FBIS Translated Text] [ULTIMA HORA] What is your opinion on the announcement that Paraguay and your country will establish diplomatic relations?

[Taladrid] The reestablishment of consular and economic relations is very important for Cuba. We have relations with all Latin American countries and establishing diplomatic relations with Paraguay depended only on a government decision. It is very important for us, I repeat, because then we will be able to consider ourselves connected with the entire Southern Cone.

[ULTIMA HORA] But did your country's international situation change or...?

[Taladrid] No. But there are signs of an increasing world integration and creation of blocs. If Latin America and the Caribbean do not integrate in a bloc of their own the region will face a very difficult situation with the globalization prevailing today.

[ULTIMA HORA] We could say that we maintained, however, a certain level of relations.

[Taladrid] An important fact is that Paraguay, the rest of Latin America, and Caribbean countries recently voted at the OAS for a resolution to analyze the legality of the Helms-Burton Law, which attempts to internationalize the blockade against Cuba and tells sovereign and independent countries with whom to trade and where to invest.

Cooperation in Agriculture

[ULTIMA HORA] What concrete areas will benefit with the establishing of diplomatic relations?

[Taladrid] I have talked with local entrepreneurs and they are very interested in establishing economic and trade relations with Cuba. A new horizon will open for cooperation and the development of items of mutual interest, such as agriculture. We have a certain development in sugar production and you have a good soybean production, where we have just started. Besides, we cannot forget areas such as biotechnology and the pharmaceutical industry.

[ULTIMA HORA] We can also add medicine.

[Taladrid] Yes. There are 80 Paraguayan scholarship holders studying medicine in Cuba. I have been told that the study of medicine here is limited. In Cuba we have 16 universities and 3,000 medical doctors graduate per year. There are a total of 56,000 medical doctors in the country, or one medical doctor per each 200 inhabitants. I think the Paraguayan Government can benefit with this situation, if it chooses to do so. The country is, in fact, already benefiting. I think everything was done with the government's approval.

U.S. Pressure

[ULTIMA HORA] Do you expect the United States to pressure us to prevent us from establishing diplomatic relations with your country?

[Taladrid] I don't know. That is a Paraguayan internal problem. We defend the principle of sovereignty and people's self-determination. Each country must decide what it wants to be freely and without conditions or external pressure.

[ULTIMA HORA] But there might be fears that such and institutional step will mean recognizing you country's political regime.

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[Taladrid] Not at all. We have diplomatic relations with more than 100 countries and most of them do not have the same political system or think like we do. Canada and Mexico have large investments in Cuba. But that does not mean that they have to share our ideas. What is at work here are their interests. Their investments do not interfere in our domestic affairs. The only ones who want to interfere in everyone's affairs are the North Americans.

Peru

Peru: Bucaram's Stance on Country Said 'Conciliatory'

PY1107022896 Lima GESTION in Spanish 9 Jul 96 p 24

[Editorial: "What Can Be Expected From Bucaram?]

[FBIS Translated Text] The Ecuadoran electoral process, which concluded Sunday with the victory of Abdala Bucaram, has become enigmatic in relation to the future negotiations with our country.

The presidential candidates deliberately avoided the Peruvian-Ecuadoran conflict in their electoral campaign. Therefore, the victory of the candidate of the Ecuadoran Roldosist Party does not give at first sight any illustration on the direction of the negotiations.

Bucaram's first comments, however, did not come as any surprise in Peru. On the contrary, the president-elect has been moderate in his comments and he is even expressing a will to continue the relations with our country on the same current path.

Bucaram's conciliatory position is not unusual, despite the strong words he usually uses in his public speeches. Because there is a line between the position adopted in an electoral campaign, and the position that must be adopted once in office as president.

In reality, the Peruvian hope in relation to this issue does not concentrate specifically on people or parties, as it does occur in other conflicts around the world. (For example, in the Arab world the difference between an Israeli prime minister from the Labor Party like Peres and one from the Likud like Netanyahu lies in the "hardness," more or less, of their negotiating position).

Peruvian diplomacy understands that Ecuadoran opinion is united around a few proposals, let's say the ones expressed in the list of subsistent impasses, and that they don't change substantially from one party to another.

In other words, because the basis of the Ecuadoran position is basically the same, the real question lies in the procedures. In other words, whether or not the new Ecuadoran administration goes along with the negotiations drawn on the basis of the Itamaraty Peace Declaration.

The first positive sign is the will shown by Abdala Bucaram to keep Galo Leoro as head of the Ecuadoran Foreign Ministry. Independently of how one may judge Leoro's performance in the negotiations, he is an official involved in the current peace process.

Therefore, Leoro's permanence would allow the preservation of something that the Peruvian Foreign Ministry has been trying to keep since the Itamaraty agreement: the predictability of the Ecuadoran diplomatic behavior because of the successive procedural commitments that must still be perfected in the upcoming meeting of foreign ministers in Santiago, Chile.

Another positive sign of the president-elect is his conviction, expressed the day he won the elections, that the relations with our country involve a state rather than a government policy. In other words, it must be a permanent, not a temporary policy. This is clearly more important for peace that the sympathy for President Alberto Fujimori expressed by Bucaram on 7 July.

Obviously, these are preliminary signs that are not enough to insure the future of the negotiations.

The elements of Ecuadoran internal politics must still be taken into account, starting with Bucaram's populist style. What will his economic policy be? Will a crisis emerge encouraging the idea of using the differences with Peru as an escape valve?

In addition to that, Bucaram must get ready to govern without a majority in Congress, which is a situation that always creates a problem for planning a new government.

With these elements in mind, one must wait to see the first steps taken by the new Roldosist president and give him, as one congressman said, "the benefit of the doubt."

Peru: Ecuador's Bucaram Meets Peruvian Mayor at Border

PY1007205996 Lima Radio Programas del Peru Network in Spanish 1844 GMT 10 Jul 96

[FBIS Translated Text] Coming up we have a live relay from reporter Rosario Rodriguez in Tumbes. We imagine that the visit paid by Ecuadoran President-elect Abdala Bucaram [to Huaquillas, on Peruvian border] is over. We know that Bucaram met with the mayor of Tumbes. What else can you tell us?

[Begin relay] [Rodriguez] Tumbes Mayor Ricardo Flores himself will explain what he thinks of the greetings he received from Ecuadoran President-elect Abdala Bucaram.

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[Flores] Yes, the visit of a president-elect, which for many people was like a dream a few years ago, did materialize. This is the first time a president-elect, Abdala Bucaram in this case, embraced Peruvian mayors and raised with his hands the Ecuadoran and Peruvian flags as a sign of friendship and integration. In the brief meeting I held with him, Bucaram said that the Ecuadoran and Peruvian people living at the border should have the full assurances and conviction that his administration will definitively resolve the border problem between our two countries. This is extremely important for us because the specter of war and also the spector of misery, which is the common enemy of our two countries, are fading out. There is also hope that foreign investors will come to Tumbes because in the past investors were afraid to come because Tumbes and Huaquillas were the scene of permanent confrontations, and foreign investors don't want to invest under those conditions. The attitude shown by Abdala Bucaram will attract national and foreign investments to Tumbes.

[Rodriguez] Why wasn't the ceremony held?

[Flores] Bucaram apologized because he is still only one more Ecuadoran citizen, that he is still not the president to order more effective security, to order not only his own security but also the security of his delegation, and to establish the necessary order and conditions to carry out more activities during his visit.

[Rodriguez] Was this the result of the disorder that broke up when he arrived?

[Flores] Yes, he was frightened by the disorder, especially the large croud of more than 15,000 who were trying to get close to him. They wanted to greet him. This is the first time the people of Guaquillas had the future Ecuadoran president so close to them. Because the Ecuadoran people are already looking at Bucaram as a real hero.

[Rodriguez] Was the ceviche of peace left for another occasion?

[Flores] I explained to Bucaram, in relation to the Peruvian ceviche he talked about on television, that we will prepare for him the best ceviche in Peru which is prepared in Tumbes, and we invited him to cordially enjoy it. He apologized and then said that he would rather eat it with El Chinito — President Alberto Fujimori — in Lima.

[Rodriguez] Thank you very much. [end relay]

Peru: Fujimori Congratulates Bucaram on Victory

PY1107031696 Lima America Television Network in Spanish 0100 GMT 11 Jul 96

[FBIS Translated Text] President Alberto Fujimori today sent a message to Ecuadoran President-elect Abdala Bucaram congratulating him for his victory in the 7 July runoff elections.

Fujimori asserted to Bucaram that the administration he begins will significantly strengthen the historic links between Peru and Ecuador. Fujimori also expressed his firm hope that the dialogue between the two countries will continue with new force along with the participation of the guarantor countries.

Fujimori concluded by expressing his willingness to strengthen the links of friendship and cooperation uniting the two countries.

Peru: Bucaram Invites Fujimori To Visit Ecuador

PY1107032596 Lima America Television Network in Spanish 0100 GMT 11 Jul 96

[FBIS Translated Text] Ecuadoran President-elect Abdala Bucaram came to Huaquillas, on the Peruvian border today and shook hands with the mayors of Peruvian cities located on the border.

Abdala Bucaram sent a message of friendship and apologized for not crossing the border to eat ceviche as offered by the mayor of Tumbes. Here is a report by Jose Antonio Irala.

[Begin recording] [Irala] In less than five minutes and without crossing into Peruvian territory, Ecuadoran President-elect Abdala Bucaram and Tumbes Mayor Ricardo Flores greeted each other on the Ecuadoran side of the international bridge. Due to the presence of a large crowd on the bridge, it was almost impossible to cover this event, especially at the time of the meeting. But we were able to obtain an interview with Bucaram, who sent greetings to the Peruvian people and spoke about peace, which is so important for the two countries.

[Bucaram] Greetings to the brave and brotherly Peruvian people who are here in Huaquillas with the exclusive purpose of expressing brotherhood, and love and respect among Ecuadorans and Peruvians in the search for peace, because we are brother countries that love and respect each other and deserve peace.

[Irala] Do you believe this is an important step for peace between Peru and Ecuador?

[Bucaram] Definitely, President Fujimori is a gentleman, he is a good man, Peru is full of noble and decent people, and Ecuador also is full of them. Out of love

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and respect for peace I came to visit Huaquillas and I also found many Peruvians here and I give my greetings to them.

[Irala] If you were invited to visit Tumbes, would you go there today?

[Bucaram] Not now, because there is no contact with the Foreign Ministry and also I have a very busy agenda. But I will be more than happy to visit Tumbes on another occasion.

[Irala] When do you expect to meet with President Fujimori?

[Bucaram] We are inviting President Fujimori for the presidential inauguration on 10 August and we hope President Fujimori will come.

[Irala] Are you excited to be here?

[Bucaram] Yes, I am very excited to be here with the Ecuadoran people, to search for commercial integration, for the unity and work for all Ecuadorans and Peruvians, who are a single race, a single people, who are brothers.

[Irala] You are then welcome to the Peruvian border line.

[Bucaram] I am very thankful.

[Irala] Bucaram, who only stayed for about five minutes, returned to Arenillas, which about one hour from Huaquillas. [end recording]

Peru: Ways To Replace U.S. Logistics Support Rejected

PY1007145096 Lima LA REPUBLICA in Spanish 7 Jul 96 p 9

[FBIS Translated Text] Peru does not agree with the idea of hiring a war materiel manufacturing company [empresa belica] to provide the logistic support the United States will withdraw from the MOMEP [Ecuador-Peru Military Observers' Mission] on 6 December.

General Daniel Mora Zeballos, Peruvian liaison officer, said the hiring of that type of company would raise fivefold the operational costs of MOMEP.

The idea of hiring a company was suggested by U.S. Ambassador Alvin Adams, after confirming a domestic political decision by the U.S. Administration and Congress.

The average cost for Peru and Ecuador over the past 11 months of the MOMEP's operation is estimated at more than $6 million.

Gen. Mora said Peru is analyzing options to overcome the lack of logistics support, and will then submit them for consideration by the Superior Consultative Committee which will meet on 8 and 9 July at the Brazilian Embassy.

In general terms, the initiatives seek to replace the four helicopters, communications equipment, and the medical personnel — which comprises the U.S. logistics support — with materiel from Brazil, Chile, or Argentina, the other guarantor countries.

The willingness of the Chilean Government to "cooperate to the extent possible" with MOMEP operation, which was announced by Ambassador Carlos Martinez Sotomayor, has been well received.

Brazilian Ambassador Luis Coutinho Peres conveyed a similar disposition when asked about the matter.

Peru: Armed Forces Official on Terrorism, Drug Trafficking

PY1007191196 Lima Radio Programas del Peru Network in Spanish 1700 GMT 9 Jul 96

[Impromptu news conference by General Nicolas de Bari Hermoza Rios, chairman of the Armed Forces Joint Command, with Alvaro Ugaz and other unidentified reporters, from the Caceres Hall of the Army headquarters in San Borja district of Lima; passages indistinct due to interruptions by reporters — live]

[FBIS Translated Excerpt] [Ugaz] Let us listen to General Nicolas de Bari Hermoza Rios, chairman of the Armed Forces Joint Command:

[Gen. Hermoza] I was not going to make any remarks to the press. Nevertheless, as the president of the Republic has pointed out on several occasions, intelligence services of all institutions and of the National Police are devoting all their efforts to this task. I cannot give you any more details about this. This is occurring at all levels. We have not only captured the members of two important terrorist groups, but also are combating the last pockets of armed resistance, which are mainly found in the valleys, where coca is grown. The Armed Forces are still on their guard and will continue battling on until they stamp out the scourge of terrorism once and for all.

[Question indistinct]

[Gen. Hermoza] No, we feel no resentment at all.

[Question indistinct]

[Gen. Hermoza] Those are isolated elements, which from a political standpoint, are not important at all. I am sure you are aware of the fact that the political objective the Shining Path and the MRTA [Tupac Amaru Revolutionary Movement] was pursuing was

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to hamstring the state and replace the democratic and western state with another one. This political goal no longer exists and we sincerely expect that this tragedy will never ever strike our country again.

[Reporter] Changing the subject, what is your opinion of the victory of Mr. Abdala Bucaram in the presidential elections in Ecuador?

[Gen. Hermoza] We must show solidarity with all democratic events, occurrences, which promote the strengthening of the loftiest values of our peoples. From this viewpoint, I think that we have to salute the Ecuadoran people for the success it had in this democratic milestone in Ecuador, which occurred on 7 July.

[Passage indistinct] We cannot make that type of evaluation because that is incumbent upon the political authorities. This notwithstanding, all democratic countries support the basic principle of peace. Therefore... [changes thought] besides, I think that we have all listened to the remarks made by Mr. Bucaram, who said that the talks that are being held within the framework of the Itamaraty Peace Accord will continue unhampered.

[Reporter] Gen. Hermoza, one question about an internal aspect of the Armed Forces concerning finding drugs in a Navy vessel. How is the issue of a possible infiltration of drug trafficking into the Armed Forces being handled?

[Gen. Hermoza] As you already know, this is a subject which is being handled by the judiciary, so I cannot voice any opinions about these legal matters. Nevertheless, you must be aware of the fact that the Armed Forces Joint Command is taking drastic administrative measures at the level of the armed institutes and general commanders. Moreover, as the main interested party, the Armed Forces Joint Command wants to combat this problem head-on so as to prevent such a crime or wrongdoing from ever happening again within the Armed Forces. The Armed Forces Joint Command is providing judges and prosecutors with all the necessary support so that the pre-trial inquest may be undertaken in the most efficient way possible. Now, at the internal level, we will drastically mete out administrative penalties to eradicate or stem this type of crime or wrongdoing.

[Passage indistinct] ...there is corruption. We... [changes thought] and even the minister himself has commented in Congress that the Armed Forces are enforcing rules and regulation to the letter and supporting law enforcement by the judiciary. There is no doubt whatsoever about that. As for these acts or actions, they occur in all societies and groups. This does not mean, however, that the moral character of our institution is about to collapse. Furthermore, if one counts up the number of corruption cases over the last 10 or 15 years one sees that these cases do not have any significant bearing on the Armed Forces' ethics or morals.

Over the last 15 years, and particularly over the last five years, under the leadership of the president of the Republic, the Armed Forces have successfully combated two domestic and international scourges, namely terrorism and drug trafficking. Nobody can question this. You have already seen how our country is recovering from this. Moreover, the Armed Forces have ably confronted an external problem, an armed conflict, with their morale at its height. It is therefore possible to assert that the Armed Forces have emerged from all this with their morale, discipline, and ethics unscathed and we intend to keep them up.

[Reporter] How many officers and noncommissioned officers are implicated in this affair?

[Gen. Hermoza] I think that civilian and military courts have the correct and legal information and they must inform you because they have updated statistics about how institutions handle crimes or wrongdoing committed within our institutions. By looking at the statistics compiled by both civilian and military courts, rather than letting ourselves be guided by fabricated figures or the manipulation of those figures, we see what reality is and the truth is that the Armed Forces have acted — continue to act — with total uprightness and openness in the struggle against drug trafficking and corruption.

[Reporter] What information do you have about the withdrawal of U.S. logistic support for MOMEP [Ecuador-Peru Military Observers Mission]?

[Gen. Hermoza] At this moment, MOMEP Higher Council and the ambassadors of the guarantor countries are assessing the MOMEP's role and discussing possible solutions for the MOMEP's support group, which would be implemented as of September if the MOMEP's mandate is extended until December of this year. As you know, on 29-30 July, representatives of guarantor countries and MOMEP Higher Council will be meeting in Brasilia to analyze the issue of the logistic support for MOMEP and the extension of its mandate until December. [passage omitted]

Venezuela

Venezuela: Colombian Ambassador on Anti-Kidnapping Battle

PA1007030596 Caracas EL UNIVERSAL in Spanish 6 Jul 96 p 1-11

[FBIS Translated Text] Caracas — Colombia's Ambassador to Venezuela Guillermo Gonzalez Mosquera has

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reported that the two countries will engage in joint actions to fight kidnappings at the border zone.

The diplomat said he is satisfied with the progress made in two days of contacts between Alberto Diaz, adviser to Colombia's Presidential Program for the Defense of Individual Liberty, and Venezuelan Foreign Ministry and state security corps.

For the meetings, Diaz was accompanied by Monica Rug, chief of the Venezuela Office of the Colombian Foreign Ministry.

Yesterday, Diaz and Rug met with border delegates of the Venezuelan Technical Judicial Police and officials of the Prosecutor General's Office.

The ambassador said: "Colombia has an anti-kidnapping policy, and we are implementing it throughout the country, but in the border area we need Venezuela's cooperation." He added: "In these meetings, we have found much acceptance, and this is why we trust we will be able to work together to fight this crime."

Venezuela: Minister Discusses Measures To Protect Border

PA1007031196 Caracas EL NACIONAL in Spanish 7 Jul 96 p D2

[Report by Freddy Torres]

[FBIS Translated Text] Defense Minister General Pedro Nicolas Valencia Vivas has said that the possibility of installing a new theater of military operations in Amazonas State is being studied at the highest levels of the FAN [National Armed Forces].

President Rafael Caldera received Valencia Vivas at Miraflores Palace yesterday. After the meeting, Valencia Vivas said that the possibility of installing a new theater of operations is being considered as a measure to reinforce military operations taking place in that vast area of the country's southern border in order to fight drug trafficking and illegal mining more effectively.

Valencia Vivas made the announcement in reply to journalists who asked him about the bases that new drug cartels have installed to conduct their operations from Venezuela to other countries, using Amazonas State as the center of activities. EL NACIONAL has published a number of reports recently on the proliferation of drug mafias in that region.

Valencia Vivas described as positive the work carried out in that area by the four FAN branches to reduce as much as possible drug trafficking, illegal mining, and contraband of urea and gasoline from Venezuela.

He noted, however, that it is possible to reinforce the intelligence work and actions in Amazonas with more military presence through a new theater of operations in the area.

Regarding the drug-trafficking problem and the presence of irregular groups that have planted poppy plants in the Perija Mountain Range in Zulia State, Valencia Vivas stressed the need to implement social programs to prevent the guerrillas from recruiting people who live there.

He also admitted the need to increase patrolling by the FAN at the border in Zulia State, as well as installing more border posts.

Valencia Vivas announced that Operation Sierra, which has resulted in the destruction of large coca plantations in the Perija Mountain Range, will be intensified.

He also stressed the importance of air support to fight drug trafficking in Zulia and the entire region bordering with Colombia.

Antiaircraft Systems

Valencia Vivas announced that an antiaircraft defense system has been activated in Zulia State. He clarified, however, that this did not require additional expenses, as it was not necessary to purchase new equipment because the equipment that was already in use was improved.

He explained that an antiaircraft M42-A1 turret was adapted to an assembly plant for AM-35 vehicles.

"We were able to activate an antiaircraft defense system as part of a project to reinforce the armored units in the region," Valencia Vivas said. He added that the newly activated antiaircraft defense system is called the Fenix Project.

"That system already existed in Maracaibo, but it was obsolete. We decided to replace it with antiaircraft systems designed and improved in the Army. This is part of the equipment replacement planned in the 1st Division."

Valencia Vivas was asked about an invitation from the Colombian Government to a meeting of foreign and defense ministers of both countries, as Colombian President Ernesto Samper mentioned in an interview EL NACIONAL published yesterday.

Valencia Vivas said he has not been officially informed of that invitation. He did not, however, rule out that possibility, taking into consideration that it is in the interest of both countries to solve common problems and analyze other matters affecting Venezuela, including guerrilla attacks and kidnapings on our national territory.

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"The president of the republic, however, must authorize a meeting between the foreign and defense ministers of both countries," he added.

Valencia Vivas said that a climate of tranquillity, cordiality, unity, and peace prevails in the country. "At no time has there been any signs of instability in the democratic system," he stressed.

French Guiana

French Guiana: Ariane Rocket Places 2 Satellites in Orbit

PA1007010996 Paris AFP in Spanish 2336 GMT 9 Jul 96

[FBIS Translated Text] Kourou, French Guiana, Jul 9 (AFP) — Officials at the Kourou Space Center in French Guiana have announced that the 89th launching of the European Ariane rocket on Wednesday night, was totally successful. With this launching two telecommunication satellites, the Arabsat-2A of the Arabsat Organization and the Turksat-1C of the Turk-Telecom Organization, were placed in orbit.

The blast-off of the Ariane-44L, the most potent version of the rocket, took place at 2225 GMT. The Arab satellite was placed in orbit 20 minutes later, and 20 seconds after that the Turkish satellite followed.

The French-made Arabsat-2A, which has a mass of 2.617 kg on land, will supply telecommunications services and direct television broadcast to the 21 countries of the Arab League from the Zaire vertical for 16 years, thanks to its 22 channels in C-Band and 12 in Ku-band.

The Turksat-1C, which has 1.743 kg on land, will finally be placed in geostationary orbit in the Somalia vertical. This is where the Turksat 1-A, which was lost during the foiled Ariane launching in January 1994, would have been placed.

This satellite, which was also made in France, will cover Turkey, Central Europe, and part of Central Asia for more than 10 years. It has television repeater stations in Ku-band and will also facilitate telephone, telex, fax [telecopia], and data base services to all the Turkish territory.

The success of the mission, second after the Intelsat-709 satellite of the Satellite Communications International Organization was placed in orbit on 15 June, perks the European rocket after the abrupt failure of its future heavy rocket launcher, the Ariane-5, that exploded just after take-off on its first score flight on 4 June.

Arianespace, which occupies a dominant position in the world market of satellite launching, has a waiting list of 42 satellites to place on orbit; slightly more than half the market.

The next launching will also take place in Kourou and is scheduled for 7 August. The objective is to place two more telecommunication satellites, the French Telecom-2D and the Italian Italsat-F2, in orbit.

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